

NATION'S BUSINESS



**JUNE
1937**

Partner—page 11

**The Wage and Price Problem by H. G. Moulton • Are College Men Getting
Choosey? by Christian Gauss • Business Looks Ahead**

Follow-Through

MAKES GOOD GOLFERS AND

good salesmen



SMOOTH follow-through gives golfers greater distance, keeps 'em on the line, leaves easier approaches. Telephone follow-through does the same for salesmen.

Inquiry today? Probably he wrote your competitors too. Follow through by telephone and get there first. If it's worth a personal call, you can make an appointment that will save a lot of lobby-sitting later. If it's a false lead, you've avoided a wasted visit.

Some of your customers were "out" on your last trip — or not quite ready to re-order? Follow through by Long Distance. You can reach the right person and probably pick up business.

Salesmen who systematically follow through by telephone save a lot of extra strokes and turn in better scores. Try it.



NO OTHER FULL-SIZE CAR OFFERS THIS **LOW-COST** **TRANSPORTATION!**

*The Car that
Stands Up Best—*

Plymouth is not only the most reliable low-priced car... it offers greatest over-all economy! Fleet owners report 18 to 24 miles per gallon of gas... lowest oil, tire and upkeep costs of any full-powered car today!



MORE AND MORE business firms are learning that Plymouth cars *stand up* under the worst driving conditions... and *save money* year after year.

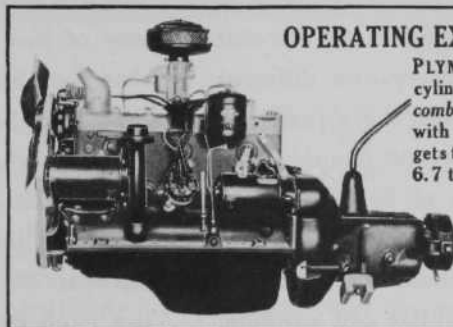
Here are some of the features that give Plymouth its extra ruggedness: a big, rigid X-type frame... *all-steel* body... Hypoid rear axle... Floating Power engine mountings... four-bearing crankshaft.

Plymouth's brakes are double-acting hydraulics... self-equalizing... for over ten years conceded to be the smoothest, safest, longest-lasting brakes built!

As for operating economy, owners report that the powerful, 6-cylinder engine gives 18 to 24 miles per gallon... with an amazingly low oil consumption.

Get in touch with your Chrysler, DeSoto or Dodge dealer and learn the facts about

PLYMOUTH DIVISION OF CHRYSLER CORPORATION, DETROIT, MICHIGAN



OPERATING EXPENSES CUT

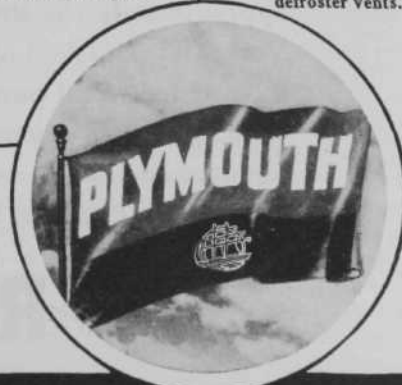
PLYMOUTH'S powerful, 6-cylinder, "L-head" engine combines great performance with amazing economy... gets the high compression of 6.7 to 1 on regular gas!

Plymouth's over-all costs... prove to yourself it's the car that stands up best.

PRICED WITH THE LOWEST

The Commercial Credit Company offers remarkably low, easy payment terms through all Chrysler, DeSoto and Dodge dealers.

PLENTY OF ROOM. Look at that space... with no sill or spare tire to lift over. Too, there's tremendous extra seat room... extra leg and head room. Windshield is 3" wider with built-in defroster vents.



PLYMOUTH BUILDS GREAT CARS

Facts about REPUBLIC

Completing, this year, the largest and most modern continuous strip mill in the world. • Operates the most efficient type of cold rolled tin plate mill known to industry. • Produces pipe by the revolutionary new Electric Weld process.

Meet This Man of Steel

Perhaps you already know him. He works for Republic. He is typical of more than 52,000 other Men of Steel employed in the sixty-one modern, efficient plants that Republic operates in forty-one different cities. • These men, with their families, would make a city of 200,000 people—one approximately the size of Syracuse, New York; Dayton, Ohio; or Omaha, Nebraska. • Their individual purchases of food and clothing, shelter, automobiles and gasoline, furniture and radios, washing machines and vacuum cleaners, help to support

thousands of butchers, bakers, grocers, clothiers, and other merchants in their respective communities. • Everything in the way of new equipment and raw material that Republic buys, and every ton of steel that Republic men produce, help make jobs for other men in scores of other lines. • Republic is an important national industry. This man of steel is an important citizen. Working together they are helping each other—business at large—and the communities in which they live. Republic Steel Corp., Cleveland, Ohio.



REPUBLIC STEEL

REPUBLIC STEEL SUBSIDIARIES:

TRUSCON STEEL COMPANY • UNION DRAWN STEEL COMPANY • STEEL AND TUBES, INC.
THE BERGER MANUFACTURING COMPANY • THE NILES STEEL PRODUCTS COMPANY

NEW FRIGIDAIRE WATER COOLER WITH THE METER-MISER



FOR THE OFFICE



FOR THE HOME

15c A DAY BUYS IT...AS LITTLE AS 2c A DAY RUNS IT!



Every Frigidaire water cooler with the Meter-Miser carries a 5-year Protection Plan against service expense on the mechanical unit.

• Why put up any longer with old-way nuisance and expense? Now—at the lowest price in history—you can enjoy this new FRIGIDAIRE WATER COOLER, suitable for both office and home.

No more too-tepid or too-cold-to-drink water. This cooler places at your disposal an abundant flow—always at the most tempting, refreshing, healthful temperature. A cooling, sparkling supply available at the touch of a finger, day or night.

And the cost is actually less than for old-style methods! 15c a day buys this cooler... as little as 2c a day runs it! Because its cooling unit is the famous METER-MISER, exclusive with Frigidaire. The simplest refrigerating mechanism ever built, it cuts current cost to the bone!

Quiet, unseen, trouble-free. Comes to you with a 5-Year Protection Plan against service expense.

In addition, you enjoy dozens of other advantages never before available at such a low price: Easy cleaning, fast cooling, Cold Control temperature regulator, "Freon-114," the safe refrigerant, and many other exclusive Frigidaire features.

This cooler is available for either Bottled Water or City Pressure Connection. Choice of Bronze or White Duco finish. See it at your nearest dealer, or write Department 66-6, Frigidaire Division, General Motors Sales Corporation, Dayton, Ohio, for Free Booklet describing full line of Frigidaire water cooling equipment.



DRINK FRIGIDAIRE-COOLED WATER FOR BETTER HEALTH... GREATER EFFICIENCY

ASK MILWAUKEE ABOUT CAST IRON PIPE

MILWAUKEE says:

1. Her water distribution system is 100% cast iron pipe.
2. Practically all of the cast iron pipe in the original distribution system is still in service.
3. Oldest cast iron pipe in service laid 64 years ago is in excellent condition.
4. 969 miles of 6" to 54" pipe in the distribution system—all cast iron.

THE City of Milwaukee is noted for the administrative efficiency and economy of its government. It is young by comparison with the service records of cast iron pipe. Milwaukee's oldest cast iron pipe in service is a mere 64-year-old, but it is part of the *original* distribution system, practically all of which is in use today. As the City grew and the distribution system expanded, its thrifty engineers continued to endorse and install cast iron pipe. The system today is 100% cast iron pipe.

More than 95% of the water distribution systems of our 15 largest cities consists of cast iron pipe. Cast iron is the standard material for water mains. Its useful life is *more than a century* because of its effective resistance to rust. It is the one ferrous metal pipe for water and gas mains, and for sewer construction, that will not disintegrate from rust. Available in diameters from 1 1/4 to 34 inches. For further information, address The Cast Iron Pipe Research Association, Thos. F. Wolfe, Research Engineer,

1011 Peoples
Gas Building,
Chicago, Illinois.



Section of original cast iron pipe line laid in Milwaukee in 1873. Neither cleaned nor painted after removal it is free from tuberculation.

CAST IRON PIPE

The Standard Material  for Underground Mains

QUESTIONS our readers are asking:

- 1 • DOES the present rapid rise in prices threaten a new depression?
ANSWER ON PAGE 15
- 2 • ARE college students beginning to believe that the world owes them a living or are they willing to work? ON PAGE 17
- 3 • WHY have they had all this labor trouble in Akron? Are conditions there different than in other places?
ON PAGE 27
- 4 • IS there anything to this argument that we need more business regulation today because corporations are so big?
ON PAGE 30
- 5 • THEY say hotel business is booming again but who cares about that except the hotel men? ON PAGE 81
- 6 • THIS man Ball who bought the Van Sweringen properties—why did he buy them and, after he bought them, why did he give them away? ON PAGE 84
- 7 • SUPPOSE I did take an interest in the way my city is run, what good would come of it? ON PAGE 96
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- 9 • THERE is a lot of talk about "congressional revolt" but, when it comes right down to a vote, they're still going to be "rubber stamps," aren't they?
ON PAGE 100
- 10 • WHO actually pays the bill for all these strikes we have been having?
ON PAGE 108
- 11 • WHAT is the Government going to do with all these houses on which it forecloses? ON PAGE 116
- 12 • WHAT makes the Government think it can make crop insurance work when private companies couldn't?
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Mary
Has TWO
New Dresses



TWO dresses for less than her mother used to pay for *one*. Mary's new ready-made dresses, compared with those her mother bought 20 years ago, are in better style, have fast colors, and are chosen from a far wider range of exciting new fabrics.

Why can Mary have *two* new dresses today?

It is because of the amazing progress the textile industry has made in the last two decades. It is because research scientists and engineers have worked to improve processes and to give the public more for its money. More goods for more people—at less cost.

It is because General Electric engineers and research scientists have contributed to this progress. More than forty years ago, they initiated the first use of electricity in

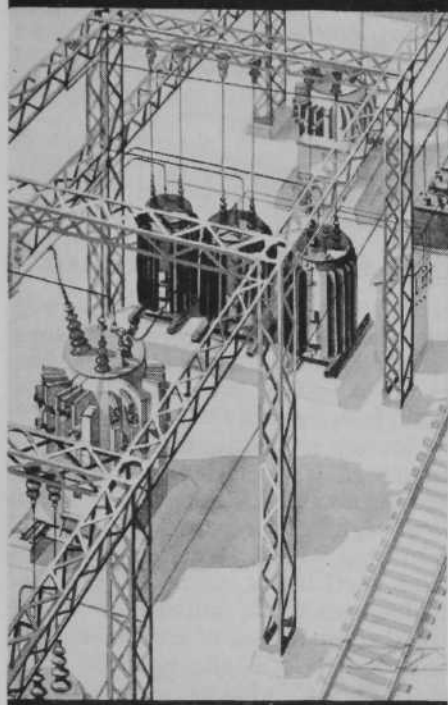
the textile industry. Today, every modern loom has its individual electric drive, and electric control which governs the quality of the unrolling yards of fine, sleek fabric. General Electric scientists have perfected instruments to test and match the colors, and to keep the weft straight and true.

Electric equipment—much of it especially designed by G-E engineers for textile applications—increases production, protects expensive machines, prevents delay and spoilage, lowers costs. In short, General Electric engineers are in the "efficiency business," and the economies they help to effect enable millions of American Marys and Helens and Ruths to buy *two* new dresses where otherwise they could buy only one.

G-E research has saved the public from ten to one hundred dollars for every dollar it has earned for General Electric

GENERAL  **ELECTRIC**

DU PONT PAINTS for EVERY PURPOSE in Home and Industry



DULUX IS TOUGH
REG. U. S. PAT. OFF.
THAT'S WHY IT'S HERE

INVESTMENTS in expensive electrical equipment deserve the greatest possible protection.

That's why Dulux gleams on so many transformer stations. For Dulux is the most durable finish ever developed. It gives metal greater protection for a longer time. It therefore keeps maintenance costs at a minimum.

Giving greater beauty and protection is not exclusive with Dulux. It is a characteristic du Pont chemists have built into du Pont finishes for every purpose.



Paints..Varnishes
Enamels..Lacquers
DUCO-DULUX
REG. U. S. PAT. OFF. REG. U. S. PAT. OFF.

Through the EDITOR'S SPECS

The Fruit of Example

IN AUGUST, 1935, NATION'S BUSINESS suggested that management might help the public understand how jobs are provided by presenting their annual statements in simple language that would be as understandable to workers as to financial experts. To that purpose a sample balance sheet was printed in the magazine, and this model form has been adapted by several firms for telling workers how their skills are used and what it is necessary for management to do in order that they may have jobs.

Among the latest evidence of use of this means to inform employees is the Jewel Tea Company's "Statement of the value of property needed to provide a job for each member of the Jewel staff and how that property was obtained." It takes \$2,875.89 to provide a job for each of the 3,485 members of the staff, the company reports, and of this amount \$301.86 is cash on hand to pay wages and other bills for every person employed. The amount of taxes paid for each employee was reported as \$143.72 and \$691.73 is laid away for every wage earner as, "money earned and saved by Jewel which in time of depression insures not only security of the investment of stockholders, but also security of jobs for the staff and continuity of service to customers."

Profits Need a Spokesman

A GOOD showing of profits used to stand as an encouraging testament to the excellence of management. Such a report nowadays is more than likely to evoke a charge of greed and selfishness. Perverted by the prejudiced and malicious, earnings are made to appear to workers as something taken from their share of the returns.

Why these representations should find fertile soil will be no mystery to any one who takes the time to look into corporate reporting practices. Plenty of occasion and opportunity will be found for presenting the items of pay rolls and taxes along with profits—and the longer the period reported, the better the sense of proportion will be served. Business

would do well to reveal all the interests who share in the income dollar, and how well they share.

History in the Five and Ten

TO prognosticate properly the mental attitudes of our citizens a generation hence, the sociologist and the psychologist should emerge from their laboratories and libraries and make a tour of the dime-stores. They would discover such indicative data as the following:

Sweep—The Popular "Money" Game.

Big Business—Newest National Money Game. (Characteristic items—"Business Poor in the Desert"—"Alimony in Nevada.")

G-Men Fingerprint Set—Instruction in Use and Classification of Fingerprints, Handwriting, G-Man Badge.

Large Selection of Airplane Models.

Tarzan Bow and Arrow Sets.

(Gone the noble Hiawatha? Does no one remember William Tell?)

Numbers Game.

Shirley Temple Note Books and Hair Curlers.

—but probably the scientists, being of stouter metal than ourselves, will not, as we, sneak out with that one great intellectual game we were good at—Jackstraws. Today—since society must progress—it's FIDDESTIX.

Broken Arc and the Whole Circle

ERROR, error, error! So many of our plans are based on misinformation.

A government department states that since May, 1935, wages and hours have been downward, and that the abolition of the NRA is responsible. What are the facts? The latest official government figures are for February, 1937. Compare, then, May, 1935, and February, 1937:

Employment, 16.7 per cent up.

Pay rolls, 38 per cent higher.

Average hourly earnings, 5.4 per cent higher.

Average weekly earnings, 19.0 per cent higher.

Average hours per factory worker up from 35.8 to 40.4 a week.

There is the record for manufacturing industries. What happens is that someone seizes upon an exception, upon some segment of industry where, say, wages have not increased.



FRESH

as a **LAKE
BREEZE**

WHEN lake breezes blow, they are often delightfully cool, sometimes uncomfortably so. But man-made coolness, under the guidance of Minneapolis-Honeywell complete automatic control, will provide your home, office or plant with healthful, indoor summer comfort. The essentials for summer air conditioning are cooling, de-humidifying, cleansing, circulating. Each requires proper control. When all four are so co-ordinated and working in harmony under Minneapolis-Honeywell automatic control they produce true air conditioning.

LEARN THE REQUIREMENTS!

Be informed on the necessary requirements for true air conditioning. These are explained simply and clearly in the booklet, "This Thing Called Automatic Heating and Air Conditioning." Ask for your copy. Address Minneapolis-Honeywell Regulator Company, 2923 Fourth Avenue So., Minneapolis, Minnesota.

AIR CONDITIONING

ASSURES YEAR 'ROUND COMFORT

... *if* the System is
Completely and
Automatically Controlled by
MINNEAPOLIS-HONEYWELL

Brown Industrial Instruments
National Pneumatic Controls



No matter if the exception is only 1/1000 per cent of the whole, a solemn case is made against all industry, and legislative punishment proposed.

Faith and Works

THE most inspiring sign of 1937—

In the mud-stained windows of shattered stores and warehouses where river-raided merchandise presented problems seemingly beyond the courage of men already drained by disaster—

By Courage
By Faith
By Working Together
We'll Build a Greater
Louisville.

Hum-drum Industry. Ho Hum!

HAVING made us "air conditioning conscious" and laid the foundations for what some believe will be the next giant industry, wouldn't that be enough, for a while?

Not for a Westinghouse research engineer. He prowled around and learned how dirty "cleaned air" is. He went right on prowling and discovered that "stuffy" indoor air contains particles of matter of immeasurable smallness, billions of which are thrown out each minute by the breath and from the body of each of us.

How, under heaven, to strain out of the air things that small didn't stop this engineer. He put electricity at work on the job. Into a small air chamber two fine wires send high-voltage electric charges and ions, acting as "electrical policemen," attach themselves to all particles of matter in the air. As the air moves on, by fan action, it passes between metal plates alternately charged, positive and negative. As is the nature of electricity, each of these ions is either positive or negative and each has a deathless passion for anything of opposite polarity. So, in passing, a Positive Policeman hustles his "prisoner"—the infinitely small particle of dirt—to "jail" on a positive plate. Likewise, a Negative Policeman swerves uncontrollably toward a positive plate.

Beyond these plates the air is *clean*.

That, say the engineers, means the kind of air Nature meant man to breathe; and that it banishes sluggishness and brings pep, vigor.

But industry is so hum-drum and engineers are dull fellows buried under slide-rules and formulae!

I. O. U.'s for Everybody

NO MAN to be jilted by fate is Dr. Townsend. From the political twilight of his pension plan and a collision with the Congress, he emerges

with a brand new vision of success for his battered notion of ease for the aged. The bare bones of his latest idea are a \$5,000,000 personal loan, to be secured by personal assets of \$500, and a promissory note for the remainder. To pay off the loan he invites contributions in amounts from \$10 upward. It all seems simple enough as the doctor explains it in *The Townsend National Weekly*:

This is not an ordinary loan. I am going to put the Townsend plan over now. I am going to do this in a constitutional way, by arousing voters in every congressional district to the importance of seeing that their congressmen truly represent their wishes. This is democracy. This is constitutional government.

Nothing less than the promotion of the general welfare is in his mind. Confidence as well as candor exhales from the declaration:

I propose to use the same methods the President himself uses in getting action from Congress.

To appraise this newest contribution of zeal and perseverance as fantastic would be both easy and presumptuous.

The Way of all "Mandates"

THIRTY years ago New Zealand was at the top of the political news as "The Democracy of the World," a correspondent reminds the readers of the New York *Herald Tribune*. Change was in the air, and once it got firmly seated in the saddle the Liberal-Labor administration professed to see every reform as an expression of the popular will.

In the way to complete revision of the Government stood the Legislative Council, the country's supreme court, its members holding life tenure of office. Balked by the Council's rejection of some of its bills, the administration charged "obstruction," drafted measures to increase the council's members, limit their terms. Minority opposition was bowled over, the administration won. What followed still makes lively reading:

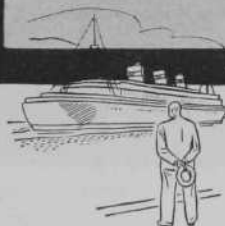
Vast new loans—to be repeated year after year—provided a perpetual mandate from the people. Government ownership of railroads, telegraph, telephone, power, coal, mines, insurance, radio; pensions and social services were provided on extravagant scales; until in 1936, with a complete Labor government in command, their newly elected "saviors" as their first act socialized the national bank (compelling the relinquishment of all privately owned shares) in order to provide itself with funds.

To this was added farm production at a fixed price; the Government "to decide what to do with any surplus funds from increased prices and profits;" license and control of remaining private industries and the pensioning of practically the entire working population....

Trapped in the structure of their socialist economy—with interest on their national debt of \$1,135 per capita de-



In 42 Years He Earned \$150,000—
But He's Still "GLOBE-TROTTING" At Home



Like most of us, you've probably dreamed of seeing the world some day. And you can!

Europe—the South Seas—the Orient: all are in your salary checks today—if you don't let them slip away, as this man did. For though he has earned a fortune in his lifetime, he has little to show for it now.

Make sure of your own savings by starting now on a proved, economical plan offered by Northwestern Mutual. Through it you can have a guaranteed lifetime income, starting in your 50's or 60's.

Under this Northwestern Mutual

plan, you do not have to save as much as with other savings plans. For, when the time comes to retire, you can spend both principal and interest from your savings and still have a fixed income every month guaranteed for as long as you live. In addition, if you do die before your retirement age, your family will be paid all you had planned to save.

Back of this plan, and protecting every penny you save with it, is the non-profit, co-operative Northwestern Mutual—80 years old in conservative management—a billion dollars strong in assets, with over 650,000 members. Would you like to know how little you need save at your present age under the Northwestern Mutual Retirement Plan?

Fill In This Coupon Without Obligation

No. D-XE 21964
The Northwestern Mutual Life Insurance Company, Milwaukee, Wis.
PAY _____ DOLLARS A MONTH FOR LIFE

Starting at Age _____ (Fill in the Amount and Starting Age You Prefer)

To The Order of

Name _____

Address _____

City _____ State _____ Date of Birth _____



PRESIDENT

TREASURER

SPECIMEN

AN ADVERTISEMENT OF THE WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY · EAST PITTSBURGH, PENNSYLVANIA



Throughout the entire world, the recognized popularity of Westinghouse products translates itself freely into any local dialect.

WHEN your travels take you to faraway places, among strange faces and stranger tongues, you experience a real pleasure when you see a name that reminds you of home.

Such a name is Westinghouse. You may find it in a London department store lift . . . on a railroad in the mountains of Chile . . . in a Tokyo hotel. From Shanghai to

Sitka, Paris to Pernambuco, Jaffa to Johannesburg—wherever electricity is used, there this international mark of progress will be found—the dependable “Circle W,” the mark of Westinghouse quality.

In the tropics, for example, where heat and humidity conditions are most severe, Westinghouse refrigerators find an important market, Westinghouse fans help make life

bearable. In foreign oil fields Westinghouse motors and control equipment are pre-eminent.

So it is that people in the lands throughout the world have come to know Westinghouse almost as well as do folks here in our own country, as “the name that means everything in electricity” . . . whether in lighting, industry, transportation, or the home.



Westinghouse

The name that means everything in electricity

manding half of their annual budget—with the youth of the land born into a system of government jobs and government domination whichever way he turns—New Zealand is a living example of a republic under a packed court.

No external commentary could be more revealing than the judgment of former Premier Forbes:

Under the new tyranny the savings of the people are under the control of the Government. They have the power of the purse and the power of the penalties.

Once the restraints on political innovation are removed and the need for responsible initiative of the people swept away, the consequences can be anticipated with mathematical certainty.

What Is a Billion?

A PERPLEXED editor, trying to visualize for his readers spending and taxes, recently said, "The trouble is nobody really understands a sum of money larger than ten dollars."

But along comes a Senator who tries to visualize for us, not one, but 47,000,000,000—the ultimate reserve under the Social Security Act. He does it in terms of dollar bills wrapped around the earth at the equator. That kind of a calculation has a certain vividness; but, for most of us, it isn't really much more concrete than the term "light years" which is used to measure astronomical distances.

A visitor has offered another kind of yard-stick. He said:

Visualize, if you can, all the railway tracks of the United States, single, double and four-track lines; think of our vast distances, and all the cities, towns and villages linked together by steel rails. Now add to your picture all the broad expanses of switching yards from which heat waves simmer; and all the sidings leading to factories, warehouses, docks and stations. . . .

We were trying. He continued:

Have you ever walked a railroad track, stepping from tie to tie? Yes, of course. And after a little while, taken step by step, those ties seem to stretch away before you in infinite numbers.

But where are we going? Well, if you have that picture, the point I'm getting at is that under all those tracks there are just a bit more than one billion railroad ties. That's how many, or how much, one billion is.

And did you ever shoulder, and carry, a single railroad tie? No? Well, I have, and many of them: it helps you understand. Somehow, we are going to have to "shoulder" these other billions which roll around us; and not in any glib lump, but "tie by tie" and dollar by dollar. Does that make it all any clearer?

Probably. At least, when the visitor had left we felt very tired.

Texts from the Colleges

TO SHARPEN the people's sense of values and give them light for understanding their problems are objec-

tives reasonably within the province of the educator. Unfortunately for the product of his tutelage, judgment of its worth is submitted to a world more practical than academic. Thirty years of observing the raw material coming to Princeton has only confirmed Dean Gauss in his belief in the worth-whileness of American youth. What he says in his contribution to this issue of NATION'S BUSINESS makes good reading for the fathers of the rising generation as well as for the young hopefuls themselves.

One of the heartening things about higher education in this country stems from the fact that some of its colleges and universities are their own severest critics. As long as definition of their limitations and defects comes frankly from within, increasing perfection of the education process will persist. A community in which each section of the American people would be represented is seen by the president of Williams as the decisive requirement to satisfy the need for democracy in education.

It would be much easier to understand the farm problem, he believes, "if we had around the table the farmer and the man who holds his defaulted note." Again, in the sit-down strike situation, its philosophy might be understood "if we had in the classroom the sons of both the industrialist and of the sit-downer. We need heterogeneity in college to give us an invigorating intellectual and social atmosphere."

Sticklers for the detachment of scholarship from the turmoil of life can call upon a wealth of argument to support their position. Fear for the vitality of teaching and learning does not issue from their recourse to greater isolation. A peril is the liking for impenetrable insulation.

Partners

WE dedicate the H. Armstrong Roberts photograph on our cover this month to a business man who has the power to build up, or tear down the American standard of living. Because of our national inclination to substitute labels for thinking, we most often speak of the man with the overalls and lunch bucket as "Labor." We presume that he must necessarily be at odds with another man who, vaguely, we call a capitalist. Thus, carelessly, we have built up a rivalry where none can exist if this country is to progress. Because, neither the man we call labor nor the man we call capital can give us progress alone. Working in partnership they have made the United States the envy of all nations. If both recognize their mutual dependence—their partnership—we can maintain that place.

Steam Costs GO DOWN with Iron Fireman Automatic Coal Firing

THE result of Iron Fireman stoker operation is news of the first importance to business men everywhere. Owner after owner checks operating figures and reports—"Steam costs go down."

A typical case is Cantine No. 2 mine of the Lumaghi Coal Co., at Collinsville, Ill. Here two Iron Fireman Pneumatic Spreader stokers are doing such a superior firing job that Mac Lumaghi, President, says:

"Our Iron Fireman Spreader stokers are carrying a heavy overload on 5/16-in. screenings



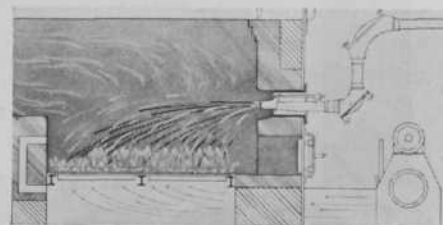
Lumaghi's power plant where two Iron Fireman stokers are firing two 200 h.p. fire tube boilers.

which carry about 20% ash and have no commercial value. We expect these stokers to pay for themselves in a year. The results we have obtained have exceeded our expectations and we are glad to recommend them unreservedly."

Better Heat for Less Money

What Iron Fireman has done for the Lumaghi Coal Company and for thousands of other businesses it should be able to do for you. An installation pays dividends by reducing fuel and labor costs, maintaining steady heat or power, eliminating the smoke nuisance.

Your Iron Fireman dealer will gladly inspect your heating plant, make an analysis of your present fuel costs and operating conditions and supply a full report on the benefits possible when an Iron Fireman replaces your present firing method. This survey and report costs you nothing; places you under no obligation. Iron Fireman stokers include bunker and hopper models for boilers developing up to 500 h.p., and for homes. Easy terms of payment. For free survey, simply call your dealer, or write to 3225 W. 106th St., Cleveland. Iron Fireman Mfg. Co., Portland, Oregon; Cleveland; Toronto.



Iron Fireman's Pneumatic Spreader stoker floats coal into the fire-box on a high pressure air stream. Burning low cost coal with high efficiency, an Iron Fireman Pneumatic Spreader installation effects remarkable savings in fuel costs.



IRON FIREMAN
Automatic Coal Burner

WE'VE ADDED A
SAFETY LANE
TO EVERY U. S. HIGHWAY—



Now even after the most violent blowout you'll have no ditch-bound, cross-traffic lurching car. New Goodyear LifeGuard Tube gives this priceless protection.*

THE big danger in a blowout, you see, is the sudden escape of air—the instant collapse of the tire. That tire in the blink of an eye has become a shapeless, tortured, flapping force of destruction, ripping the car out of your control.

The way to combat this, engineers figured, was to make the blowout as harmless as a slow leak.

Out at Goodyear we put in long hard months of testing. 1300 different designs were tried out on speeding test cars. Tires were deliberately dynamited—slashed across spinning knives—ripped across stationary steel spikes. Test drivers staged blowouts at 50-60-70 miles per hour countless times, that your family need never know the tragedy and horror that follow the burst of a tire.

It's a reserve tire within a tube

Today a blowout may rip the tire casing to shreds. The regular inner tube may have a hole in it a foot long—but the inner reserve tire of the LifeGuard Tube filled with air turns that blowout into a slow leak.

The car supported on this cushion of air tracks straight down the road, right in your own traffic lane to a safe stop without a violent lurch or wobble, the wheel always steady under your hand.

LifeGuard Tubes cost more because they cost more to make—their purpose is not to save money but to save life. Go down to a Goodyear dealer and see one. Then put them on your car. Know the peace of mind that comes when you know your family is riding in a car free from the tragedy of a blowout.



THE GREATEST NAME

IN RUBBER

GOODYEAR

*LIFEGUARD is a trade-mark of The Goodyear Tire & Rubber Company, Inc. and is protected by patents applied for

LifeGuard Tubes*

FOR PASSENGER CARS • TRUCKS • BUSES



Social Workers Ex Officio

BUSINESS MEN know the value and power of iteration. This knowledge is not academic. It is real and practical, for they spend hard money to establish trade names and house slogans. Yet with all their wisdom they react to the same medicine when dosed out by demagogues and professional "reformers."

Daily, through radio and press, business men have heard of child labor, of sweat shops, of "chisellers," of their greed and avarice and their non-social minds. Many of them have come to believe that their fellow business men in the next county are fit for "treasons, stratagems and spoils." More of them, who know better, have had their resistance so battered down by the reiteration of agitators that they confess by their silence and seek to avoid the death sentence by fawning upon their detractors. If historians of the future look only at these attitudes, posterity is bound to get a distorted picture of present-day American business and its management.

For the benefit of those shame-faced executives who are sorry for themselves, let it be said that no one has been more "social-minded" than the American business man. And practically so. Not with speeches does he say it, but with action. He ushered in the age of organization and cooperation. Not only in trade and industry, but also religion and education—in every conceivable form of activity—he has been a major influence in promoting collective effort toward the solution of common problems and in searching for new and efficient ways of doing things.

Where is there greater or higher expression of social-mindedness than a corporation with thousands of "partners" and thousands of workers carrying on a single enterprise beyond the scope of individual effort!

The production of wealth is expanded only to distribute it more widely. Cooperation was an American habit long before the idea was conceived of hastening it by political compulsion.

To hear the "social reformer" and see his (or her) eye with fine frenzy rolling, one would be led to think that employees were dumb, driven cattle,

living as they did one hundred years ago, factory workers eating out of "wooden trenchers with pewter spoons, indentured servants, bound apprentices with slight hope of working for themselves, the artisan forbidden to till the soil."

Consider one of the routine reports of a corporation that fell on our desk the other day:

1. Disabled employees draw income for 26 weeks; permanent disability, the average payment is \$2,300;
2. Emergency help in form of loans, or food, fuel; clothing and medical care in necessitous cases;
3. Nurses who made approximately 18,000 home calls in 1936;
4. Expert help for those who desire citizenship, thousands of consultations yearly;
5. Athletic and recreational programs participated in by more than 200,000 employees and members of their families;
6. Vocational and technical training courses.

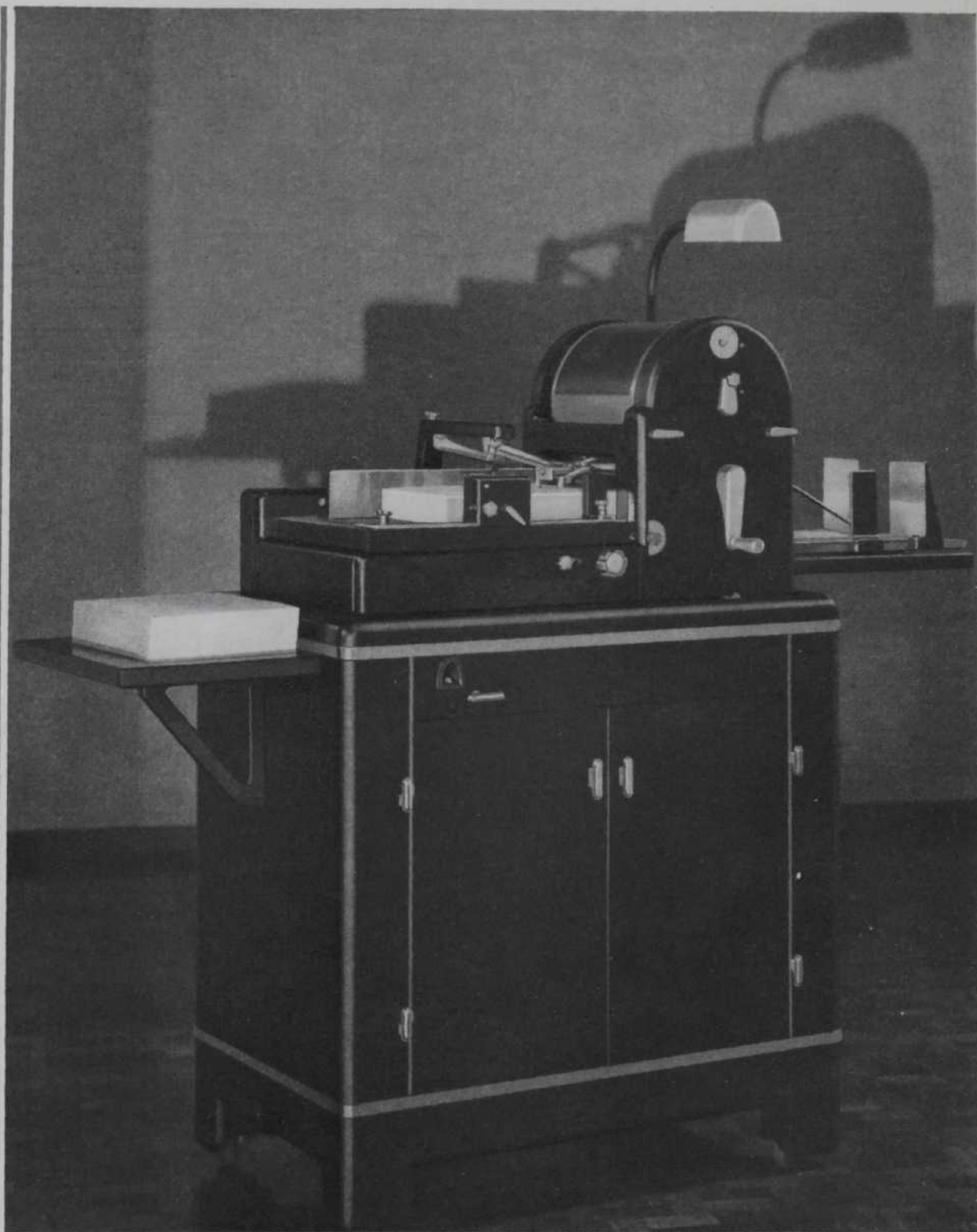
Space limits the listing of all activities. To sum up, this one corporation made 5,699,000 contacts among its employees, direct and indirect, in the course of the year.

This is not an unusual case. Nor is it in an old-established concern. It is a corporation, grown within 15 years to a family of 70,000.

Time was when America was proud of its spirit of cooperation. Time was when foreign commissions returned to praise our management for its spirit of team-work. Time was—to leave the general for the specific—when our own Labor Department in 1928, in a 100-page survey of corporate practices, pointed with pride to the "phenomenal growth" and variety of activities in the interest of employees and their families.

There has been no change in the spirit of American business since 1928. On the contrary, its activities in the "welfare" field have been expanded in geometrical progression. What has changed is the attitude of our people who seem to feel that nothing is good for the worker if it is not inspired or done by government.

Merce Thorne



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THE NEW MIMEOGRAPH

The Wage and Price Problem

By HAROLD G. MOULTON

President, the Brookings Institution

INFLATION and a severe depression have been predicted as the likely outcome of the present business situation. Here is an analysis and a suggestion

BUSINESS forecasts at the beginning of 1937 in general foreshadowed continued expansion and comparative stability in economic conditions. Today, however, widespread uneasiness exists regarding the economic outlook. It has been suggested that the rapid advance in wages and prices and the present inflationary tendencies will lead to an early business reaction if not a severe depression. High government officials have warned against the dangers inherent in present price trends, and various suggestions are being made for controlling the situation. This in turn gives rise to fears that we may be in for new forms of government regulation.

What basic factors are responsible for this changing situation? Is the outlook essentially different now than it was a few months ago? Or were conditions then perhaps simply misgauged? Are we now, as some believe, merely passing through a stage of wholesale readjustment; or do recent changes threaten to end the period of expanding prosperity?

Let us attempt to analyze the situation in terms of fundamental economic requirements and processes. As a basis from which to gauge the significance of recent developments we shall first indicate the basic requirements for the higher standards of living to which the people of this country aspire. Everybody agrees that the desirable goal is a more abundant life for everybody. The dif-

ferences of view relate merely to what is involved in attaining the desired goal.

Our national income

THE aggregate income of the American people for 1936 is estimated at approximately \$60,000,000,000. This sum represents the market value of the goods and services produced by the American people as a whole in that year. The total 1936 income—with allowance for price changes—was only about 85 per cent of the income produced in 1929. Meanwhile, the population of the United States has increased by roughly five per cent. Hence, in *per capita* terms, the

aggregate income in 1936 was only about 80 per cent of what it was in 1929.

If the aggregate income of 1936 were divided equally, each person would have approximately \$470. This is about \$1,900 per family. Since it is not divided equally, it is evident that a substantial proportion of the American population had incomes much below this average. Speaking generally, the average income of the farm population was much less than this average. On the other hand, numerous classes of industrial workers received somewhat more than this average.

Since the total production of goods and services is much below the re-



The large volume of unemployment has suggested shorter hours as a remedy

Edmund Duffy
CARTOONS BY EDMUND DUFFY

quirements for satisfactory standards of living, the conclusion is obvious that an increase in productive output is indispensable. Before considering the problems involved in expanding production, let us see how great an increase in production is required to restore former standards of living. It would seem that the obvious answer would be simply to step up production schedules all along the line by 20 per cent. But the practical, realistic answer is very different.

In some lines of production, current output exceeds the 1929 level; and in the field of non-durable consumer goods generally the present level of production is not far below that of 1929. In other lines, particularly in the field of capital goods, present production is far below the 1929 level. Moreover, we are now using a great deal of depreciated and obsolete plant and equipment which must shortly be replaced if future production is not to be curtailed and if efficiency is to increase.

The production task now before the country may therefore be stated as follows:

First, to make good the actual deterioration of plant and equipment sustained during the depression.

Second, to increase productive capital in proportion to the growth of population.

Third, to expand the output of consumption goods in accordance with this growth of population.

Popular thinking centers mainly

on the last of these three; but this depends fundamentally upon the fulfillment of the first two requirements.

Production and consumption

THE Brookings Institution has recently made a comprehensive analysis of the expansion of production that would be required in the next few years to restore former levels of production and consumption in the United States. Concretely, we set it as our task to determine what increase would be required to restore by 1941 a *per capita* level of production and consumption equal to that of 1929.

Inasmuch as production has been most seriously curtailed in the field of durable goods, our detailed analysis was concentrated on the production requirements there. We studied in turn the situation in the fields of housing; passenger automobiles; "other" consumers' durable goods; steam railroads; public utilities; industrial enterprises; agricultural plant and equipment; and public and semi-public construction.

Each of these studies took into account the restricted rate of production in the past seven years, the extent of deferred replacement and maintenance, and the requirements resulting from the continued growth of population. In other words, our approach was essentially of an engineering character.

We tried, in short, to take an inventory of the existing situation in the durable goods industries and, on this basis, to project the production requirements over the next five years, if the population is to be as well supplied with goods and services in 1941 as it was in the late 'Twenties.

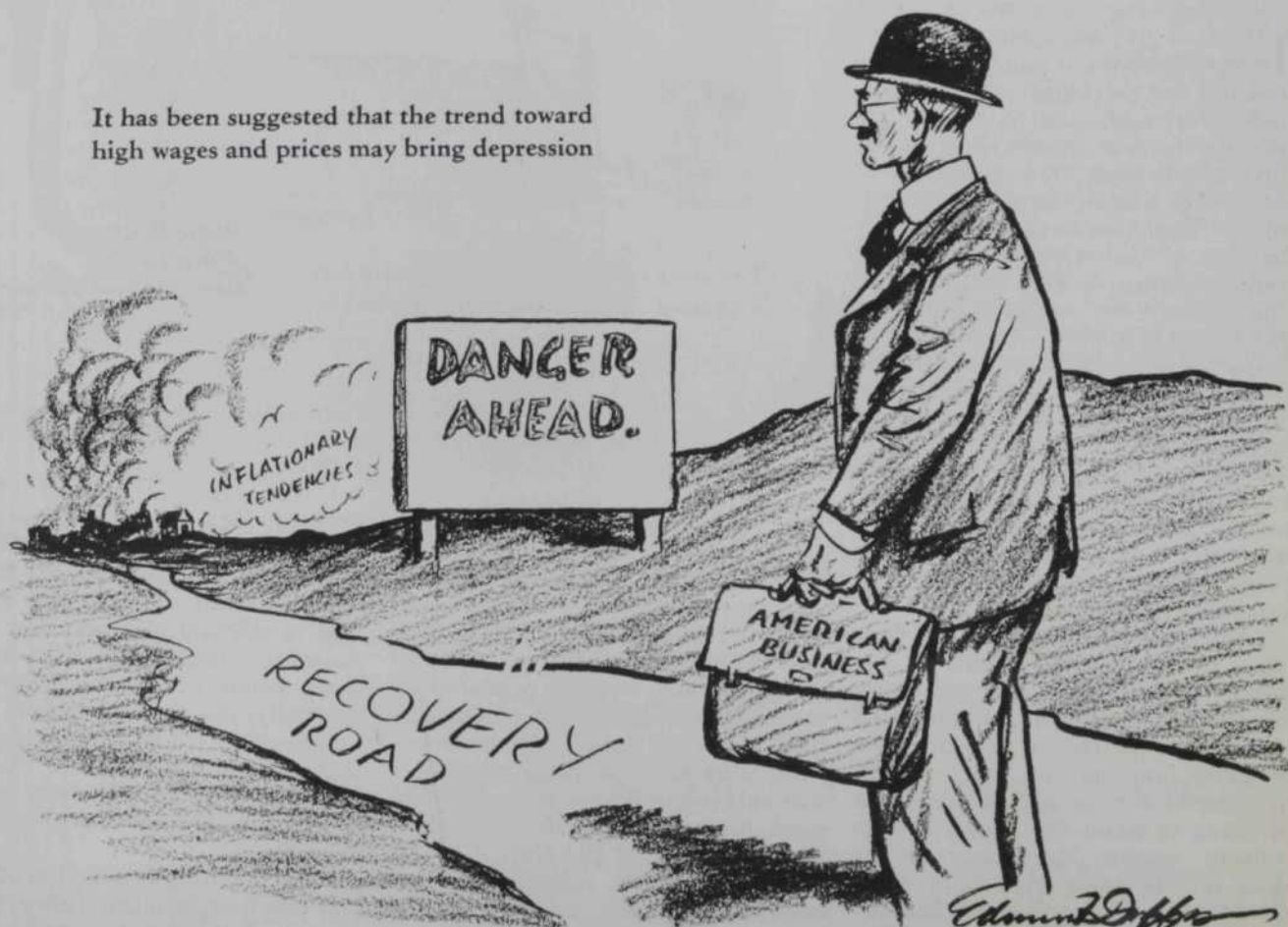
In these various analyses, a conscious effort was made to avoid possible exaggeration by stressing *minimum* requirements. It is our firm belief that, whatever shortcomings may exist in the estimates for the separate categories of goods, the aggregate figures may be taken as reasonable and conservative approximations.

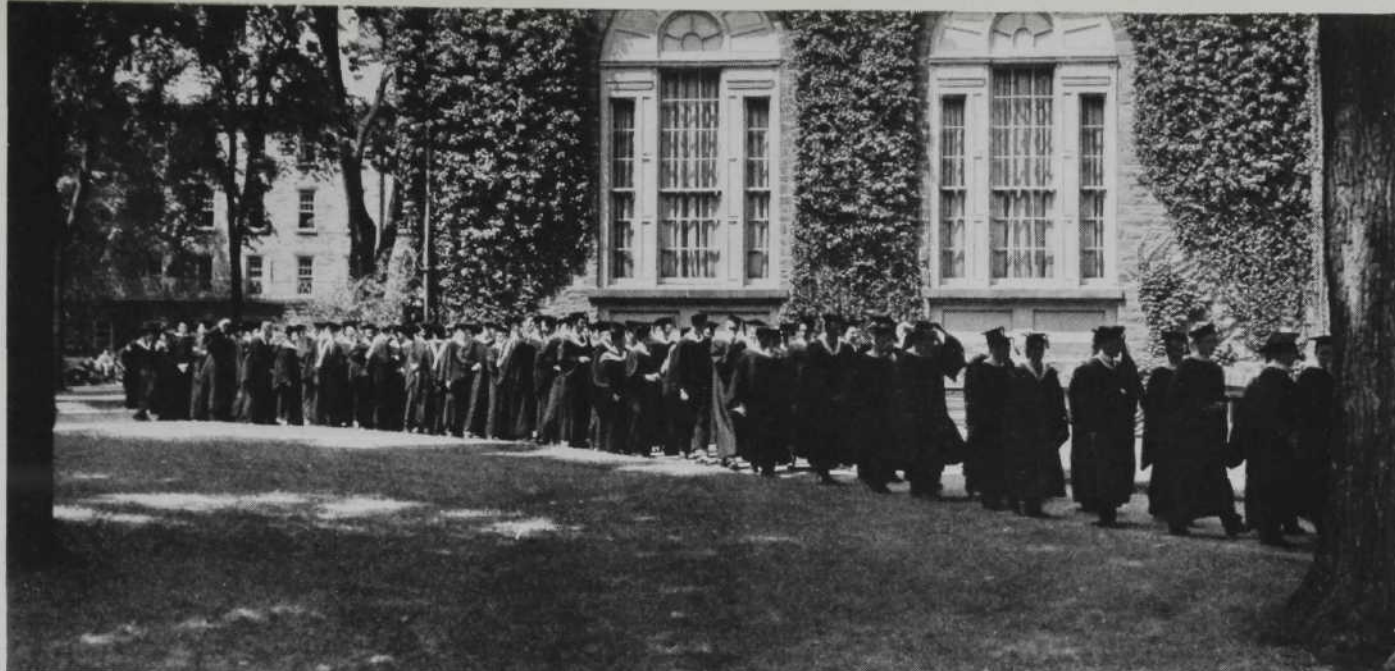
Our estimates indicate that it would be necessary to produce in the field of the durable goods at the rate of approximately \$33,000,000,000 annually from 1937 to 1941. This annual average may be compared with an actual production of about \$21,000,000,000 in 1936 and an average production between 1925 and 1929 of about \$25,000,000,000.

In other words, to make good accumulated deficiencies and meet the needs of an expanding population we should have to produce in the field of the durable goods during the next five years at a rate 60 per cent higher than the present rate, and one-third higher than the level attained in the boom period, 1925-29.

(Continued on page 172)

It has been suggested that the trend toward high wages and prices may bring depression





Today's graduate is likely to ask, not "What will the job pay?" but "Is it worth doing?"

GENDREAU

Have College Men Grown "Choosey?"

By CHRISTIAN GAUSS

Dean of the College, Princeton University

IF YOU ask almost any professor what he thinks of the college students now on his campus he will give you a favorable report. Not long ago I met a dean, known in his profession as particularly hard to please. He had just returned from a trip from the Atlantic to the Pacific. He had stopped off to visit many colleges. The reports of his colleagues along the way, his personal observations upon their campuses and his own convinced him that there had been a marked improvement in student conduct.

"I am forced to admit," he reported, "that they are better behaved than ever in my 30 years of teaching, and more willing to work."

The old rah-rah type of collegiate exhibitionism had almost disappeared, and the number of cases of yahooism on the dockets of deans had sunk to an all-time low.

Oddly enough, while reports of this type come to us from nearly all their teachers, the undergraduates are un-



GENDREAU

WILL the college graduate who comes to ask you for a job this year be willing to work and capable?

der fire again from a different quarter. The attack this time comes from beyond college walls. Business men, occasionally even employers of college men, tell us that they have grown "choosey" about the jobs they are

willing to take, that they have been dazzled by all this talk about an economy of abundance and wish to enjoy the fruits of leisure before they have earned them.

What shall we make of this paradox? Can both these statements be true? How much and in what respects has the undergraduate's attitude actually changed?

Let us begin by admitting that it seems to be the lot of the young to be forever misunderstood by their elders, even their parents. Not long ago I was visited by two fathers on the same afternoon. Both of them were worried about their sons.

Father Number One had never been to college. He came to ask whether we couldn't do something to make his son "take it easy."

The request was unusual so I asked him what the trouble was. He told me that, even when his son came home for short vacations, he always brought his books. He didn't seem to care for parties of the kind young

people were supposed to enjoy. He didn't even spend all of his allowance! This was enough to make any father suspect that something was wrong.

Now his son, Bill, was a junior in excellent standing. He seemed in prime physical condition and I learned that he took an hour off for exercise every afternoon. As for not spending his allowance, he had become much interested in biology and had decided to study medicine. It would be a long pull for the family and he thought he'd better say nothing about it but lay up a little surplus to relieve the financial pressure later.

When I asked him whether he enjoyed college, he beamed from ear to ear. Clearly here was no cause for action. Bill was pursuing learning with somewhat more enthusiasm than is common even today, but his case was by no means rare and could have been matched in any college five or ten or 50 years ago.

The second father's problem was

more complicated. He was a college graduate himself. He told me, as nearly every graduate of 30 or 40 years ago will tell you, that his four years at college were the happiest years of his life. He had had to work hard to make both ends meet after graduation, but was now comfortably well off.

Changed college days

DURING the years when his son was preparing to enter college he had been looking forward to the time when the boy would be on the old campus and had been promising himself that he would come down frequently to see him and relive as far as possible the "bright college years" with his son. He was deeply disappointed.

The previous Saturday he had telephoned his son about coming down and spending the evening with him and his freshman friends. He wanted

me to understand that his son was not a problem child, that he and the boy got along famously, but the boy had asked him to postpone coming down for a week since, on that particular Saturday night, he was going to take dinner with his history instructor. The boy was a good student and didn't need a "boot-lick."

For a freshman to be hobnobbing with a member of the faculty was incomprehensible to the father. When I asked him what, in his own college days, he would have been doing this time of year, he became eloquent.

First of all, he told me, he would be wearing freshman garb and be proud of it, for in his day they dressed the part. The sophomores would be hazing them and they would be getting even in their own way. By this time they would have painted their class numerals all over the place. On an afternoon like this they would be marching down to the field singing college songs, practicing college



Today's undergraduates are growing up. They are more mature and used to hard work

These students (at the Yale rail fence) would find a campus much changed



cheers and would watch the team at football practice.

In the evening they'd sit around in their rooms and concoct schemes to elect their friends to class offices. Those who had any ambition would be out as candidates for the college daily or other extra-curricular organizations. If you wanted to be somebody on the campus you worked for it.

He himself, and he smiled as he said it, had learned to play the banjo so he could go out for the Banjo Club. Every little thing helped but you certainly would have lost caste if, on any Saturday night, you had been caught out with a professor. In his day professors kept their distance and on Saturday nights the average under-



If a student joins a musical organization it is because he wants to know something about what the great musicians have accomplished

graduate, even the good student, "had himself a good time."

Now, this same sermon on how have the mighty fallen you can hear almost any day from almost any old alumnus, for the transformations that he regretted on his own campus are more or less pronounced on every campus in our country. Even in our older residential colleges where college traditions and college customs were strongest, those old customs and costumes are disappearing or have already disappeared.

Almost nobody goes down to cheer the football team at practice. Even the freshman takes his own exercise nowadays. He plays tennis or golf or touch football or is trying for a place on the third 150-pound football team. Most of them do not care to be elected to anything.

Hazing has gone out; banjo clubs have long since died and as for the old pranks and escapades, even the

average up-and-coming freshman is likely to tell you that it is "prep school stuff."

It may, therefore, be safely said that the father who is himself a college graduate cannot understand what has been happening on our campuses, especially in the past five or six years, unless he begins by realizing that all that he used to know as "college life" is rapidly passing away and that, whether we like it or not, we must admit that, in most institutions, it has already gone glimmering with the days that were.

In step with the times

IN a great many cases old graduates are inclined to blame deans and faculties for these changes and much time is wasted in useless recriminations. Professors and deans are themselves college men of an earlier generation and most of them regret the disap-

Campus aspirations are different from in 1929

pearance of college customs quite as much as other alumni.

They realize, however, that the forces which have changed campus life are the same forces which are

transforming the life of our cities, our political systems, and the larger world outside and that we must try to understand them if we are to deal fairly and intelligently with our students.

Every one will admit that, in its outward aspects, the life of the average college student, therefore, is quite different from what it was even ten years ago and it is relatively easy to point out specific changes. When we turn to the inner life and attitude of the undergraduate today it is far more difficult to be precise and definite. There are, however, a few things that can safely be said.

As we saw in the case of the Father Number One, it is no new thing for boys to work seriously at their education. Some men did this in the Golden 'Nineties and in the blessed years before 1914. On this score all we can say is that the percentage of men

(Continued on page 164)

They Thought They Didn't

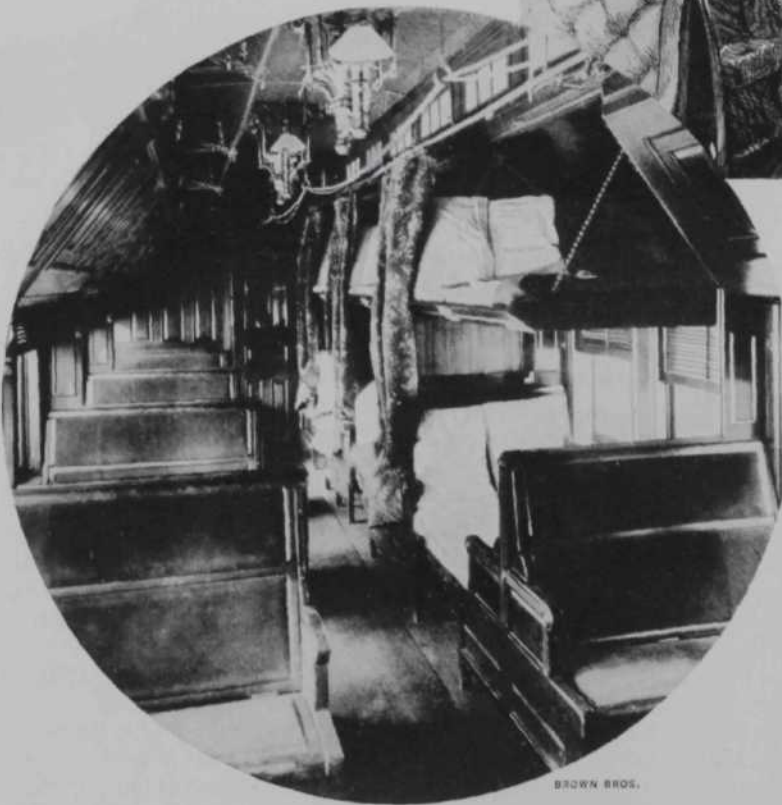
By LOUISE BELOTE DAWE

RECENT appropriations, both private and governmental, for expanded air travel are being accepted with a nonchalance that for contrast carries us back to the consternation caused by introduction and promotion of its predecessor, the railroad, in the "good old days" of the early Nineteenth Century. Then air travel still belonged only in the imagination of a Baron Munchausen or the added pate of some poor demented inventor.

That first experimental track has today reached a full growth of 250,000 miles of



The Palace Hotel car used on the Pacific railroad combined both style and comfort



This early sleeping car fulfilled a prophecy

first-class road, over which traveled in 1935 nearly half a billion passengers.

Out of operating revenues totalling \$3,500,000,000, the industry paid a million employees more than \$1,500,000,000 in wages; paid \$1,100,000,000 operating expenses; set aside \$240,000,000 for state and federal taxes; paid \$200,000,000 in dividends, and found it had net income of nearly \$53,000,000.

Even in its infancy, the new industry determined for the nation its "course of empire," in spite of the fact that

its early days were precarious and its struggle for adoption desperate.

Those were the days of the six-horse Conestoga wagon, or the neatly turned out coach, both traveling the improved turn-pikes to which our young country was beginning to "point with pride." Those turn-pikes were dotted every few miles with our earliest tourist homes, frequently run by the most influential man in the village. Hay and oats were provided for horses at moderate prices, and the driver might, for 25 cents, have a tempting supper, a night-cap of whiskey, a comfortable bed, a hot breakfast, and a morning eye-opener of more whiskey.

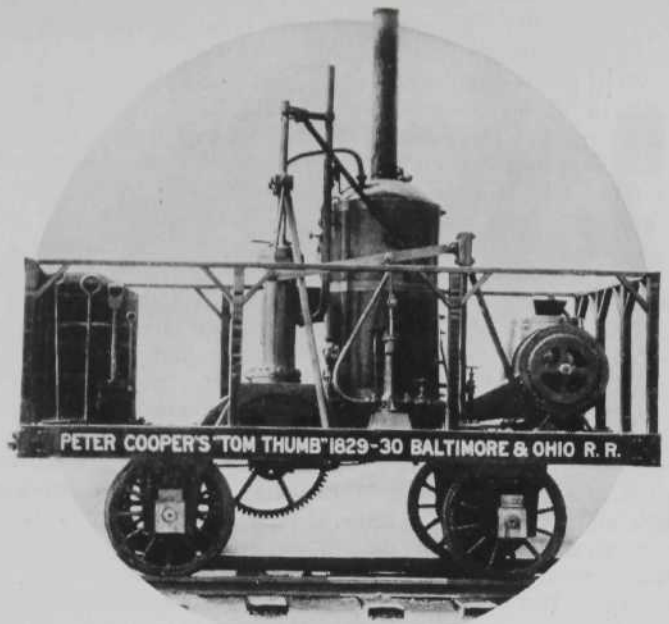
Middle-western coach lines advertised that ladies and gentlemen need not worry about chance shots from raiding Indians, because their coaches were equipped with bullet proof iron awnings and shutters, and pistols would be supplied if requested.

Amid such comforts who would seek change! Certainly not the traveler; certainly only the mentally restless, that little group of change-promoters, the inventors.

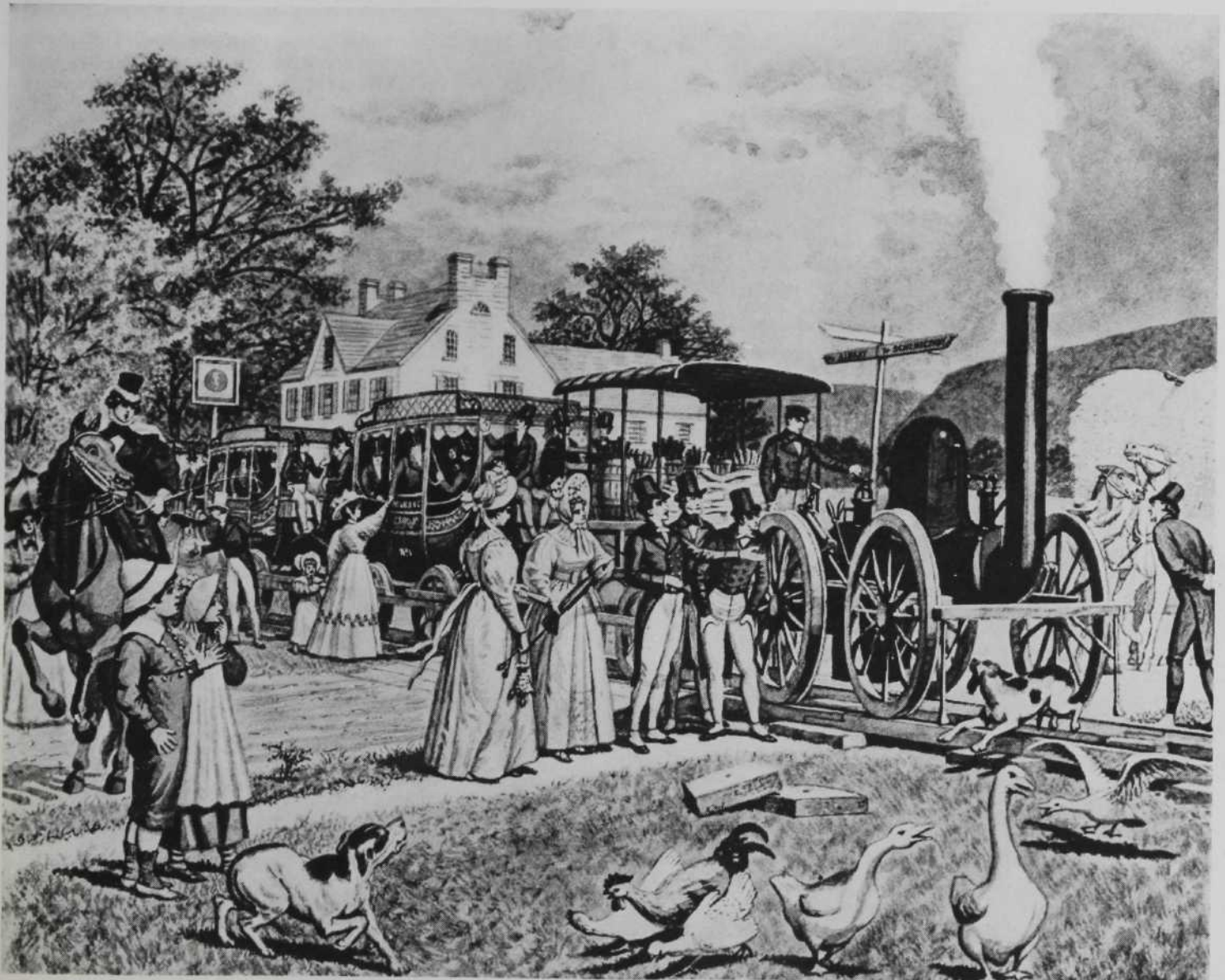
This group was indeed soon responsible for the picturesque canal which, after a struggle, had fitted itself into the scheme of travel quite comfortably. Slow water travel between stage points was logical; moreover the farmer himself could take his produce to the nearest market by horse-drawn barge and come home with necessities

Need Railroads

THE stage coach and canal were good enough for everybody except a little group of dissatisfied men who visioned something better and worked to build it. The group that is mentioned here happened to turn to transportation but every industry owes its growth to a group just like them



B. & O. directors wanted horses to pull the trains until this engine converted them



Schenectady society and the world of fashion turned out to watch the first train operated in New York State. The date was September 24, 1831, the train the "DeWitt Clinton Coaches."

BROWN BROS

for the family, the expected gifts from the town shops, and a bit of profit in his pocket.

What more could one ask?

Certainly no one thought of asking for a railroad. That is, no one but the Restless Brain. A Mr. Oliver Evans of Philadelphia had been so successful with the use of steam in flour mill machinery that he attempted to apply the idea to steam wagons. The Pennsylvania legislature granted him exclusive rights to his mill machinery in that state, but the steam wagon idea made them think him as insane as poor old Roger Bacon, imprisoned at Oxford, away back in the Thirteenth Century, because he had dared proclaim "carriages without horses will travel with incredible speed."

A mad idea in the Thirteenth Century had certainly not improved with age!

People knew, of course, that cars were being used on rails to carry stone from the quarry for the new Bunker Hill monument that Gridley Bryant was building in Boston; that horses drew the full cars from the quarry and that gravity took them back with the horses riding in the cars! But who would suggest that steam power propel the full cars, and up hill at that!

Even this horse-drawn railroad had no significance for the engineers of the day. One of the greatest, Benjamin Henry Latrobe, who had designed many of the new Nation's public buildings and was later to design the new Capitol to replace the one partially destroyed by the British in 1812, explained to our Secretary of the Treasury in 1807:

The astonishing loads drawn upon railroads by horses in England has induced many of our citizens to hope for their

early application to the use of our country. I fear this hope is vain excepting on a small scale, and that chiefly in the coal country near Richmond. . . . Railroads leading from coal mines to the margin of the James River might answer their expenses.

While discussion of the horse-drawn railroad cars continued, the idea of a steam propelled railroad took hold as a possibility, just as had the canal. It met greater opposition, to be sure, but it brought with it the promise of speed—the advantage of saving time. Mr. Evans predicted:

The time will come when people will travel in stages moved by steam engines from one city to another almost as fast as birds can fly, 15 or 20 miles an hour. A train will travel 300 miles a day and the people will sleep in the coaches. A train will set out from Washington in the morning, the passengers will breakfast in Baltimore, dine at Philadelphia and sup at New York the same day!

Prophets of the railroads

TRAVELERS and shippers had never asked especially for speed in getting to a destination; comfort and safety and economy were the main questions.

Meantime, in New Jersey, another advocate of the steam railroad was working on the idea. John Stevens made the amazing assertion that he could "see nothing to hinder a steam-carriage from moving on these railways with a velocity of 100 miles an hour," though he hastened to add that such speed was simply a possibility and that, while 20 or 30 miles would be more convenient, he expected to see steam-carriages moving at 40 or 50 miles an hour.

Boston authorities ventured the counter-prophecy—and this was even better than they suspected—that such speed



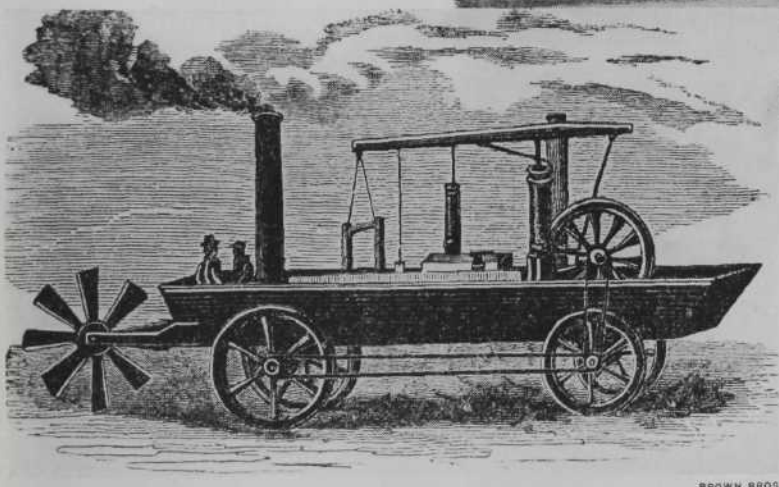
The Civil War proved the value of railroads in military operation and their destruction was made the goal of several campaigns. Roundhouse and rolling stock suffered when Atlanta was burned

"would lead to concussion of the brain and undoubtedly end in a race of speed maniacs!"

Stevens preached his theme for years without success. Finally in 1826, at the age of 78, he built the first American locomotive, and ran it on a track on his New Jersey estate. Two years later, Charles Carroll of Carrollton, a signer of the Declaration of Independence, 90 years old, laid the cornerstone of the Baltimore and Ohio Railroad, with the prophetic words:

I consider this among the most important acts of my life; second only to signing the Declaration of Independence, if even second to that!

Another two years passed: Peter Cooper's little engine, the Tom Thumb, made an exhibition run on the Baltimore and Ohio road and steam railways became an accepted idea—enough so at least to organize loud objection from turnpikes and canals. Committees appointed to investigate the practicability of the project were usually in favor of it, but rarely could a commendation



BROWN BROS.

This amphibian, contrived by Oliver Evans of Philadelphia, was the first American locomotive. People thought him mad

stand up before a public hearing. Members of Congress were frequently elected or defeated on their attitude toward the new transportation.

"Show me," shouted a legislator from Salem, "the operations on a railroad, actually outstripping the winds in their progress, if the accounts from England are to be believed."

Moreover, came the protests, why should such a democratic country have railroads for the use of the few? The tracks were all very well, but why not omit the locomotives!

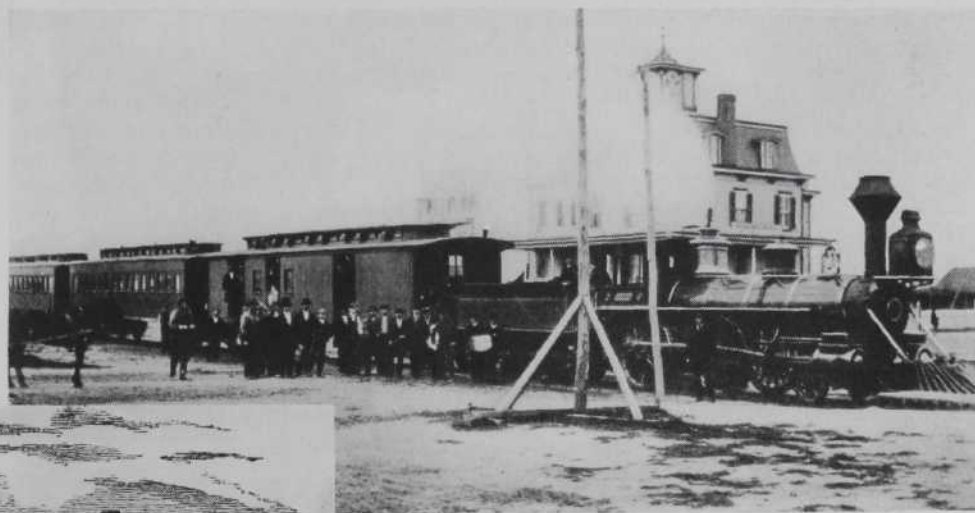
Let every farmer or producer put his own wagon on the rails and draw it along smoothly by horses, as a democratic, equal-rights-for-all citizen should with a public rail highway for the use of everybody.

Furthermore, why was speed necessary in travel, except perhaps in conveying perishable goods? A good



BROWN BROS.

The first train on the Pennsylvania Railroad boasted a headlight and a cow-catcher while a canopy protected the engineer from the elements



BROWN BROS.

Early train at Jamaica station on the South Side railway, Long Island

Bostonian writing a letter to Nathan Hale's *Boston Advertiser* said:

It might be an object so far as transporting fresh codfish is concerned, but if we are to set about building a railroad to Albany, that will cost millions, that the people of that ancient city might enjoy the luxury of fresh codfish for breakfast, I should like to know it!

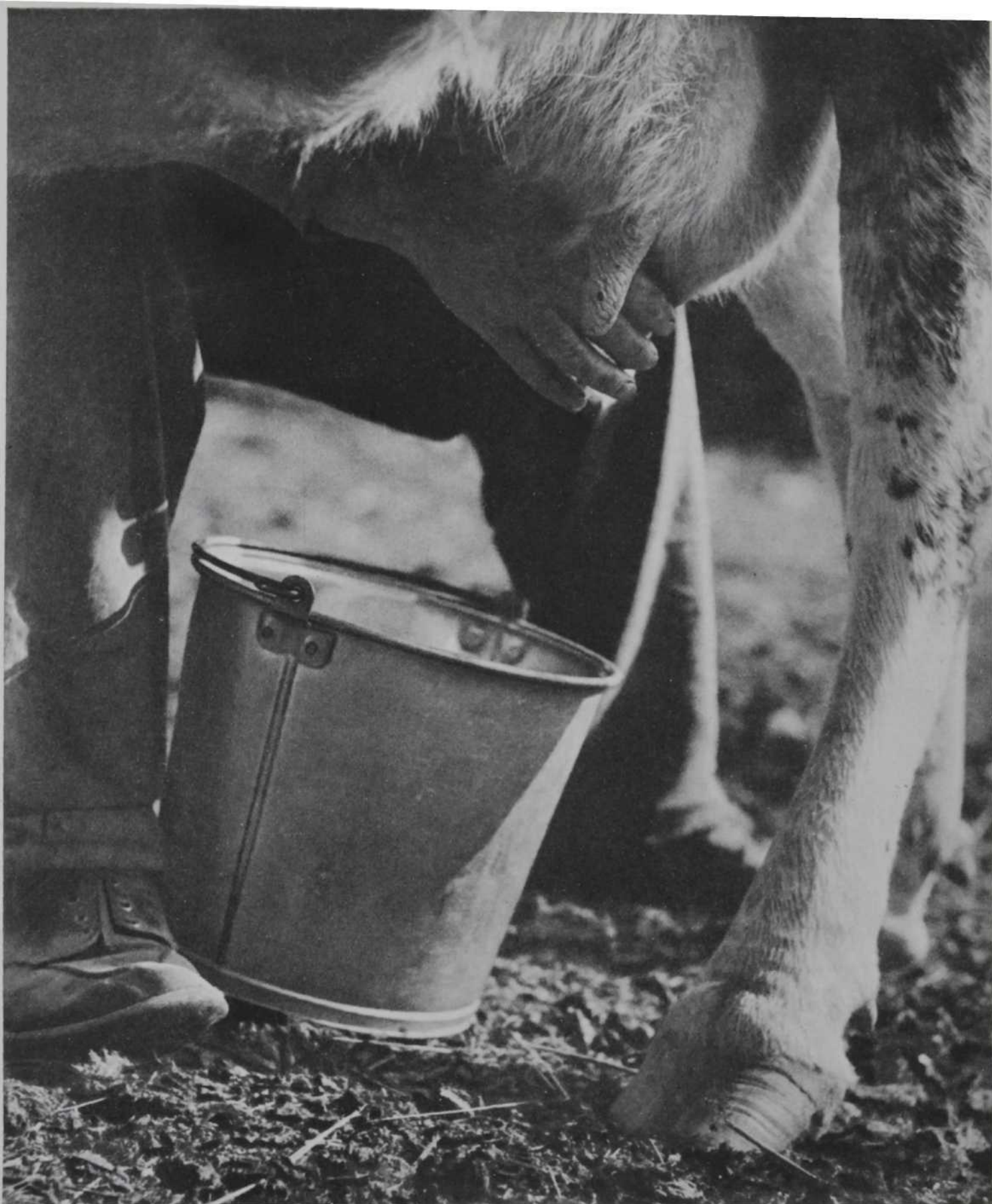
While the rhetorical battles raged, skeptics began to try out the new instrument of discomfiture. What was it like? "Terrible!" proclaimed a Samuel Breck.

There were villainous smells from dirty garments, salt fish, tar and molasses; there were queer people sucking lemons and eating green apples. Certainly post horses and post chaises offered the only right way to travel. The irate gentleman stormed:

Talk of ladies on board a railroad car! There are none! I never feel like a gentleman there and I cannot perceive a semblance of gentility in anyone who makes part of a traveling mob. When I see women who in their drawing rooms or elsewhere I have been accustomed to respect and treat with every suitable deference—when I see them, I say, elbowing their way through a crowd of dirty emigrants or low-bred home-spun fellows in petticoats or breeches in our country, in order to reach a table spread for a hundred or more, I lose sight of their pretensions to gentility and view them as belonging to the plebeian herd. To restore herself to her caste, let a lady move in select company at five miles an hour and take her meals in comfort at a good inn, where she may dine decently.

Friends of the canals took up the fight and members of the press often helped. The *National Intelligencer* of

(Continued on page 140)



WILLIAM RITTAGE

THIS HOMELY OPERATION (now frequently done by machinery) produces one-fifth of the country's farm income. If it is to continue to produce that percentage, the farmer's milk must reach your table clean, sweet and when you want it.

The corporate milkman's job is to deliver it to you at a stable price in spite of the product's inclination to spoil quickly and the perversity of cows which give 40 per cent more milk in June than they do in November

From Cow to Kitchen

By E. J. FINNERAN

THE COMMONPLACE, we take for granted. The unusual, we pry into.

The average man can expound with reasonable fluency, and some accuracy, on the principles of aerial navigation . . . the speed-power-displacement factor of vessels. Why? Because of the "China Clipper" and the "Queen Mary."

But he is likely to be somewhat shaky on facts when it comes to explaining the how of water in his faucet, light when he turns a button, gas in his stove, or the morning bottle of milk on his doorstep. These, says Mr. Jones, like the sunrise, are too ordinary to require study . . . and Mrs. Jones echoes his views.

Is friend Jones correct? Let us but consider the milk bottle and prove him wrong. Because, if the average man knows half of the facts in this



PUBLISHERS' PHOTO SERVICE

In Czechoslovakia fresh milk is brought in from the small farms by dog cart

The dog also provides motive power in Holland. The axle is bent like a yoke and the dog pulls without touching it



AKINS

sketch, then I have done the American public a great injustice.

But we cannot begin with the bottle to explain the milk business. We had best begin with a panorama view of the dairy industry.

The dairy industry consists of some 4,800,000 farmers with 25,000,000 dairy cattle, about a quarter of a million manufacturing and delivery employees and 127,000,000 consumers; because all of us use milk, in some form or other.

Of the farmers who own cows, only about 1,400,000 can be classed as dairy farmers. A rough division would show about that many farmers with six cows or more. The other 3,400,000 have less than six. At any rate, the combined effort of the cows, the farmers and the milk company employees creates one-fifth of all the farm income in the nation—

sufficient reason for us to consider for a moment the cow.

The society of cowdom is not democratic. Cows are not created equal. There is an aristocracy. This aristocracy of cowdom earns its way by producing more milk, and by producing offspring that in turn are high milk producers. For the cow is merely a factory that turns one product, feed, into another, milk, which nets the farmer a higher price. Naturally, the more milk the cow can produce on a given amount of feed, the larger the farmer's gross income. And it is

here that great progress will be made in the dairy industry. The 25,000,000 cows of the nation averaged 2,000 quarts of milk each last year. But the average production for some 160,000 cows on "test" has been as much as 3,650 quarts per cow.

Today's cows give 47,000,000,000 quarts of milk a year. Nearly 12,000,000,000 of these quarts stay right on the farm. They supply the farm people with milk, cream, and butter, and provide milk for the calves. This leaves 35,000,000,000 quarts that farmers sell to creameries, cheese

factories and fluid milk companies.

The creameries—butter manufacturers—use about 15,000,000,000 quarts of milk—not all as milk, but in the form of butterfat—and domestic production of cheese requires nearly 2,500,000,000 quarts.

There are two more major uses for milk besides the bottled milk and cream we find on our doorsteps. The canned milks—mostly evaporated and condensed—use a little less than 2,000,000,000 quarts, and ice cream requires about 1,000,000,000. Miscellaneous products—including buttons, buckles, poker chips, combs, forks, knives, cigarette cases and holders, glue, artificial cork, eyeglass frames, fountain pens, sizing for writing paper and many other products the well-bred cow would regard with some bewilderment—use about half a billion quarts of milk a year.

The "milk business"

THE 14,000,000,000 quarts of milk left (if the reader has bothered to add these up) is what the farmer sells to milk companies for pasteurization and resale to the public as bottled milk and cream. This 14,000,000,000 quarts—or about 30 per cent of the total production—is generally all the public regards as the "milk business" although butter, cheese, ice cream and all those other products are an important part of the dairy industry.

Their importance becomes evident when one considers the nature of milk. Milk is "man's most nearly perfect food," but it stays that way only a few hours. Consequently the dairy industry's greatest problems are speed and sanitation. If milk is to be sold as milk it must reach Mrs. Jones' kitchen soon after leaving the cow. But the Joneses can't drink all the milk produced. To have value, the surplus must be stored. How? As milk products. As cheese or butter, it can be stored for several months.

Butter is an international commodity. (So is cheese; I happened to pick butter to illustrate.) It sells at a world price (after taking account of tariff rates). Butter coming into the United States pays a 14 cent tariff, but let the domestic price of butter get more than 14 cents above the world market and butter starts to come in. Only a little does come in, but what does quickly affects the domestic price.

Therefore, no farm organization, no butter manufacturers' (Continued on page 169)



PUBLISHERS' PHOTO SERVICE

Corporate milkmen are unknown in Chile (above) where the boy ladles his milk into the waiting pans or in Malta where the milkman, driving 20 goats or so, milks only when he has a customer



PUBLISHERS' PHOTO SERVICE

The Paradox of Akron

By DEAC MARTIN

INVESTORS, company heads, workers watch the situation in rubber factories with alarm. Is the trouble labor unrest alone or is there a deeper significance?

AMERICA'S industrial paradox today is Akron, Ohio. In Akron we find the highest wage levels of any city in 1936 rubbing elbows with the greatest number of strikes in the same period.

We hear workmen complaining bitterly about the "speed-up." Conversely, we find rubber workers boasting about "snap" jobs, and of how "Franklin won't let the bosses overwork us." We find hours that make workers in most other fields envy the Akron worker; hours that a farmer, mechanic, fruit grower, transportation employee, dairy man or a host of others, including the average business man and white-collar worker, would consider a tune-up for the real week's work.

In Akron we find the highest percentage of a city's population concentrated into one industry, about 85 per cent in rubber. This assures a plentiful supply of both skilled and unskilled labor for the rubber plants. Paradoxically, these plants have been decentralizing because sit-down strikes have made it impossible at times to fill their orders. Just why such contrasts exist cannot be answered in an epigrammatic paragraph.

In a city as highly specialized as Akron, and with preponderance of population in the rubber industry, it is extremely difficult to find people able to appraise the situation judicially. Since it was reasonable to assume that the rubber companies would have prepared a good case on any point brought up, no rubber company executive or "white collar" employee was questioned in a search, early in March, for facts about the

sit-down situation. For the same reason, no union officials were interviewed. The writer searched for the "man on the street."

The workers' opinions

ONE such says:

"The company won't make a change" which, in his opinion, is necessary to the health of several workers in a particular type of operation, "and they ought to be made to change."

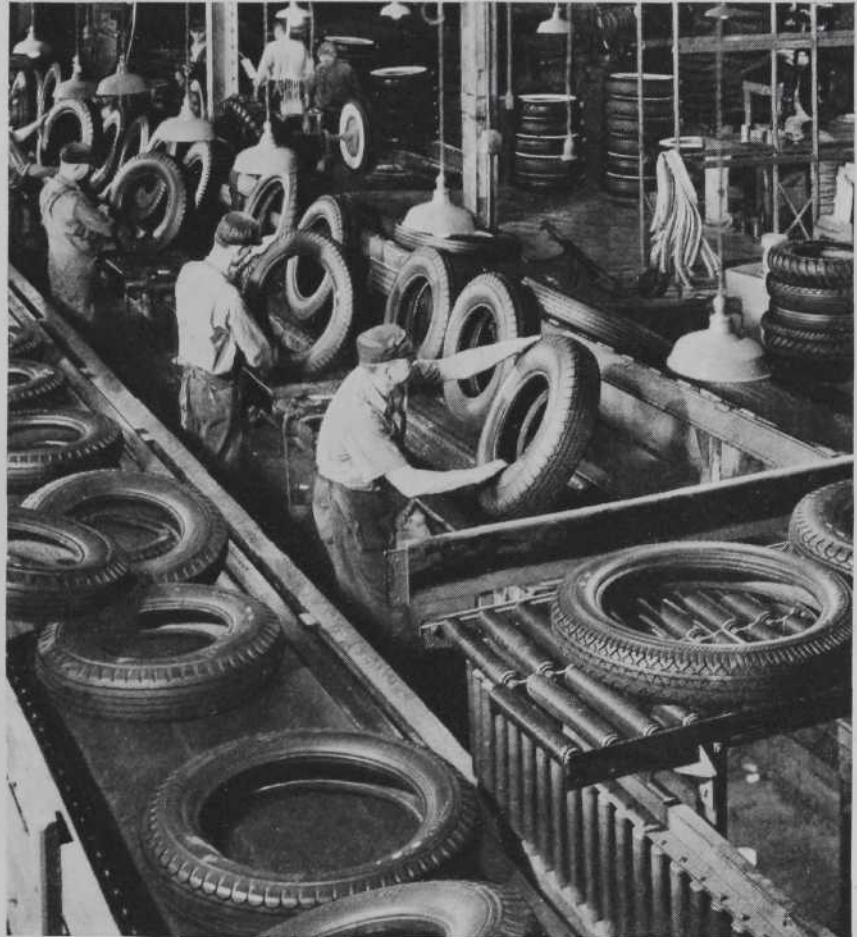
Another tells how his brother was beaten up when he refused, temporarily, to join the union because "he liked his boss, liked his job, needed it" couldn't afford to pay union dues, and objected "to having any so-and-so tell him how little work he should do in a day."

Although labor sympathizers com-

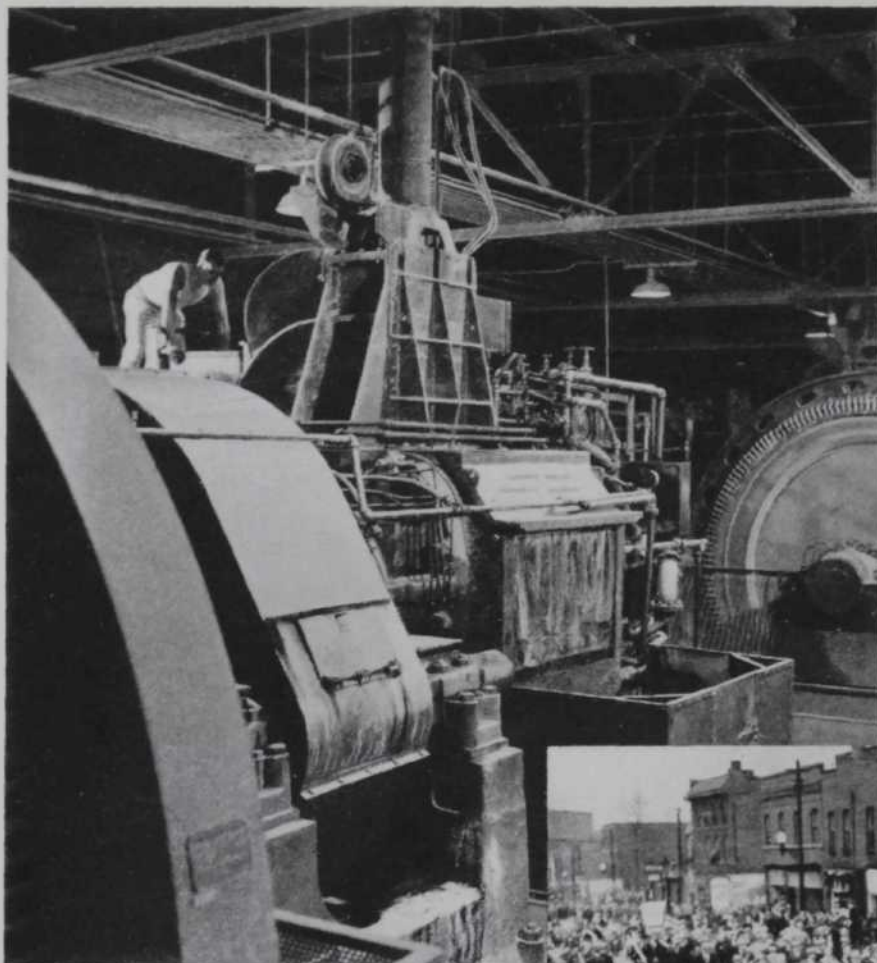
plain about hazardous work in certain phases of rubber making, particularly in departments other than tire, their attitude reflects belief that conditions within the plants are "pretty fair" in general.

The matter of "speed-up" appears to be largely pleasantries among union sympathizers who will say what they think. They seem to regard it as something the leaders use to "shout about for trading" purposes.

No complaint was heard about current wages which were advanced February 15 from \$1.23 to \$1.30 an hour for skilled tire builders. Unskilled rubber workers are paid 98½ cents. In many cases, women are making more in rubber than men in other industries outside. Yet strikes continue, about 300 of them from March, 1936, to March, 1937. One rubber



The inspection line. As tire capital of the world, Akron offers manufacturers a large number of trained rubber workers



Raw rubber is mixed with other ingredients in this Banbury machine

Many tire plies are made up in bands like this for easy handling

GENDREAU



WIDE WORLD

Organized labor puts its strength on display as 25,000 rubber workers parade to demonstrate loyalty to the union

General opinion often indicates that Akron has been inoculated with something that is not good for the city "but what can we do about it?"

That is the big question in Akron today among business and professional men, clerks, public service people, "men on the street," so far as any direct connection with the rubber industry is concerned.

The Greater Akron Association, formed in May, 1936, by a group of Akron business men, is attempting to do something. In an early announcement, the Association, headed by a local hardware and supply man, stated that its purpose was to seek new industries, encourage old industries to remain in Akron, to promote more widespread and active interest in local government, and to stimulate activities among civic organizations.

Subscriptions toward association work were accepted from any sources interested in city welfare. At present the Association has about 80 subscribers made up of a wide variety of Akron businesses and individuals, including the rubber companies.

In an attempt to stem the decentralization movement

company, early this year issued a "résumé of sit-downs, intimidations, and violence," in its Akron plant between March, 1936, and the first of January, 1937. A foreword states that sit-downs are for the purpose of forcing employees to join the union or "to make it impossible or at least uncomfortable for them" unless they pay dues to the union. The bulletin cites 94 days—out of a total of 275 working days in the period covered—in which normal operation of the company's plants was slowed down or stopped by strikes.

This company bulletin was shown to several labor sympathizers. Comment of one sums up all:

"Well, maybe it did happen. The boys were pretty well het up about that time."

It is apparent that the threat of sit-downs, as well as the actual event, constitutes a constant dam in the flow of production. As to the right or wrong of them, the average attitude is apathetic.

that was back of expansion or new plants acquired by Akron rubber companies in nine outside cities in 1936, the Association turned to radio and newspaper advertising. Estimated daily loss to Akron is 40,000 tires. The city had already lost an estimated 10,000 tires daily when Akron manufacturers were enjoined, under the Clayton Act, from making "mail order" tires. Advantages to Akron citizens of keeping the city "the biggest name in rubber" were cited, as was the fact that "new industry will not settle in a strife-torn city, nor will present industry long remain."

A publicity campaign for Akron

RADIO addresses and the newspaper advertisements were notable for liberality and breadth of subjects. The main purpose was to arouse civic consciousness among Akron people. One advertisement stressed the necessity for paying up taxes to keep sanitary departments functioning. Another presented Akron's geographic advantages as a location for new industries. This theme was broadcast to reach outside territories. Speakers on the radio reiterated that the Association is "free to express opinions, state facts, and act as a body—neither dependent upon nor connected with any special group or cause."

Akron wage scales were presented in comparison to those



GENDREAU

The "bead" of copper wire is cased in rubber and fabric



ACME

Police collect "strike sticks" after peace ends weeks of labor trouble

in other cities. One advertisement headed "Moving Day" said:

If somebody interferes with your making a living where you are, you will move, so will any company.

In December a full-page advertisement named the nine cities where Akron rubber companies had recently built factories or expanded.

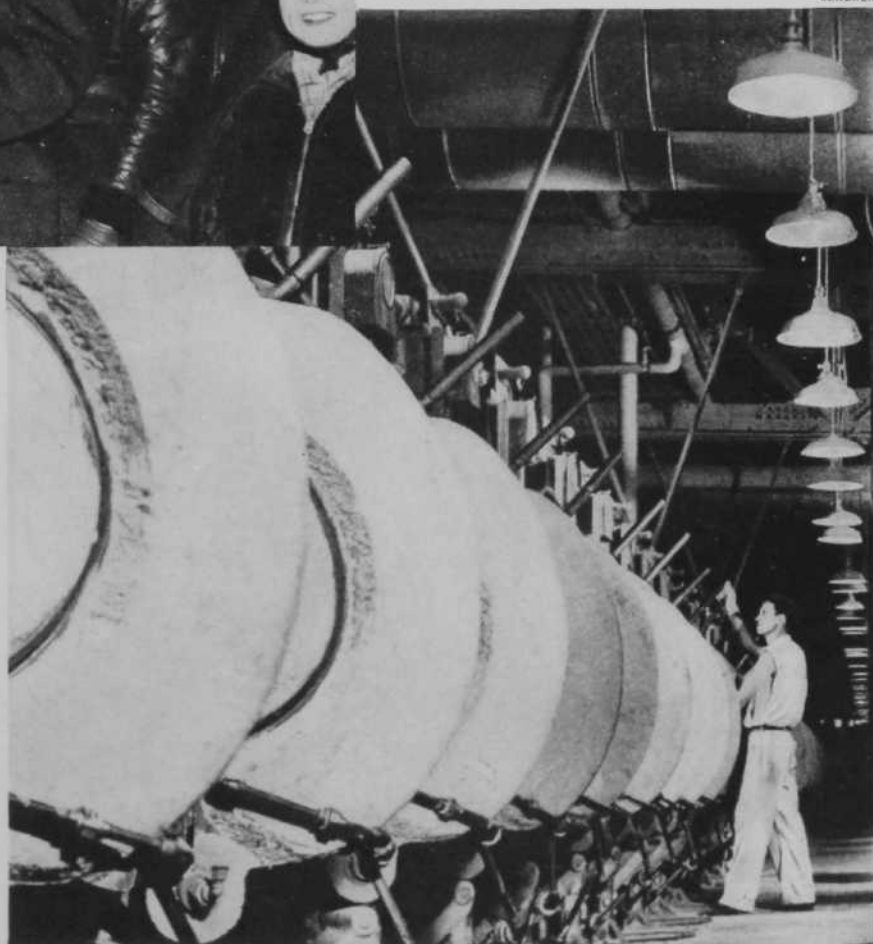
"Sit-downs have cost Akron plenty. A year from now Akron may no longer be the rubber center of the world," was a high point.

As a whole, the Greater Akron Association's approach is refreshingly different from that of conventional civic organizations. The Association has received requests from other cities for information about its plan of organization and methods of work, as well as

(Continued on page 148)

Heat and time are automatically controlled in these tube vulcanizers

GENDREAU



Let's Find



Jakob Fugger and Charles V discuss the loan on which the latter's throne depended

ONE of the arguments used as proof of the need for business regulation is that corporations are bigger and more powerful than in the past. Only a brief examination of history is necessary to prove this a fallacy



Warehouse of a corporation of Adam Smith's day when "Merchant Adventurer" companies wielded tremendous power

THINGS are not what they seem.

This is the day of the big skyscraper, the big steamship, the big airplane, the big locomotive, big canals, dams, banks, department stores, steel mills, and so on. This is the day of the billion dollar corporation. These are obvious facts. But their meaning is often misunderstood.

For instance, we hear on every hand the claim that corporations are getting bigger and bigger; that this bigness means more and more economic and political and social power in fewer and fewer hands; in short, that the concentration of power is increasing.

This I deny!

For example, two university professors in 1932 published a book which alarmed the whole country about the bigness of Big Business. In 144,400 words, these gentlemen presented their pleadings which can be reduced to the following 90 key words:

In midst of a revolution. Huge industrial oligarchies. Great change in tide of social organization. Divorce of owner-

ship from control. Corporate system has taken place of feudal system. Its rise sudden, spectacular. A new order. No big corporations 100 years ago. In its new aspect, the corporation is a means whereby wealth of innumerable individuals has been concentrated into huge aggregates whereby control has been surrendered to new Princes of Industry. Look forward to more and more power in fewer and fewer hands. Destroys economic order of past three centuries.



Adam Smith

This is an alarming situation—if true. A recent governmental bulletin on Administered Price and Market Price makes substantially the same claim. Referring also to the simplicity and lack of corporations in the eighteenth century when the Scotch economist, Adam Smith, was writing his great work, "The Wealth of Nations," this bulletin says:

Then people did business largely as individuals. The units of business in his economy were like atoms. The units were composed of workers who employed their own tools, one-man businesses, a business organization so small that for most purposes they could be considered as one-man affairs.

What are the clear teachings of history on this subject of power being concentrated more and more in fewer and fewer hands? The chief fallacy in this

Out About Big Business

By JAMES E. BOYLE

Professor of Rural Economy, Cornell University



Cosimo de' Medici and his brother were once economically supreme in Europe

"concentration" theory is the picture of business as being conducted only by small units in Adam Smith's day. The facts are just the opposite. Contrary to popular belief, corporations were far larger and far more powerful, relatively speaking, in Adam Smith's day than now. The corporation and the monopoly are ancient forms of business organization, not modern.

The big corporations

IF we turn to Adam Smith and actually read what he says about corporations, we find an interesting chapter devoted to this subject. He discusses the French East India Company, the English East India Company, and at least five of the large "Merchant Adventurers" companies (the Hamburgh, the Russia, the Eastland, the Turkey, and the African). These five were "ancient" in his day.

Among the joint-stock companies he describes were the South Sea Company, with a capital of \$169,000,000, and the Bank of England with a capital of \$55,000,000. He gives a good account of the

big trading company which then had a monopoly of the fur business in Canada, the Hudson's Bay Company, incorporated in 1670. This company is still going strong. But its monopoly is gone; its landholdings mostly gone; its power to govern entirely gone.

Adam Smith speaks of 55 large companies for foreign trade that went down, in spite of the fact that they had monopoly privileges. They failed through mismanagement. According to Adam Smith, the big corporation succeeded best in certain fields only—banking, insurance (fire and marine), transportation (canals), utilities (city water supply). He did not include mining, although he was familiar with several large mining companies. In short,



King Charles II presents the charter of the Hudson's Bay Co. in 1670. The company is still going strong but its monopoly is gone

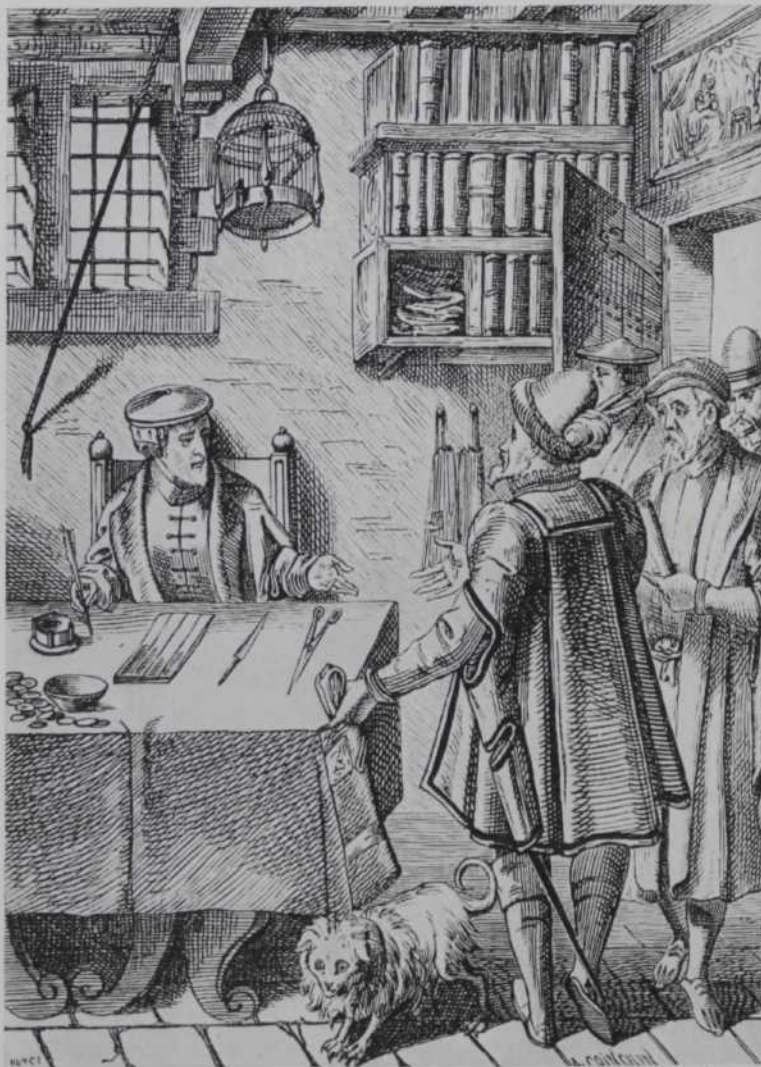
the bulk of the business of his day was in the hands of large corporations. Those were the days when capital was scarce, but such as then existed was concentrated in a few hands.

Corporations now are smaller and less powerful, relatively, than in Adam Smith's day. Corporations were smaller and less powerful in his day than they were during the days of the Fuggers and the Medici, that is, from 1350 to 1550.

A little evidence will make this clear.

Documents now available show that the Fugger family of South Germany formed a corporation which wielded an economic and political power not matched since their day. Starting with Hans Fugger, the weaver of Augsburg, in 1367, and continuing for more than 200 years, this company did a large-scale business in five distinct lines—real estate (urban and rural), mining and smelting (silver and copper), transport (by ships), foreign and domestic commerce, and last and most important, banking.

The money-lending grew up as a part of their regular business but, with interest rates ranging from ten to 20 per cent, this activity finally overshadowed all others. Their principal warehouses and banking offices and agencies were in Spain, Hungary, Italy, Austria, Germany, France, England, Denmark, and Holland. Their loans, small at first, were eventually made chiefly to cities, princes, kings, and emperors. The inventory of their assets in 1546, stated in modern terms, was \$240,000,000. This was enough money to buy out, lock-stock-and-barrel, a whole country like England or France at that time.



The further back into history we look, the more wealth we find in a few hands. The stock exchange ended that

The economic power of this house was probably ten times as great as that today of Morgan, for instance. But the political power of the Fuggers shows the real significance of the big corporation two or three centuries before Adam Smith's day. It was a small matter to the Fuggers to set up and pull down earls, dukes, and princes.

Big business in politics

THE biggest political event in their history was their decision, successfully carried out, to make Charles V King of the Romans and German Emperor (of Austria, Germany, Spain, and Flanders). Francis I of France went his limit to bribe the electors (the seven great princes). As the price rose, the importance of the crown increased to Francis. The representatives of Charles reported over and over again that the electors would sell their votes only for cash or the Fuggers' promise to pay. The Fuggers put up the money (as a loan to Charles), and he won the election.

But the Fuggers had a hard job in collecting this debt. In fact they never did get it all back. At the end of three years of effort to collect, old Jakob Fugger, in 1522, wrote this letter to the Emperor (then the mightiest potentate on this planet):

Your Imperial Majesty doubtless knows how I and my kinsmen have ever hitherto been disposed to serve the House of Austria in all loyalty to the furtherance of its well-being and prosperity; wherefore, in order to be pleasing to your Majesty's Grandsire, the late Emperor Maximilian, and to gain for your Majesty the Roman Crown, we have held ourselves bounden to engage ourselves towards divers princes who placed their Trust and Reliance upon myself and perchance on no man besides. We have, moreover, advanced to Your Majesty's agents for the same end a Great Sum of money, of which we ourselves have had to raise a large part from our Friends. It is well known that Your Imperial Majesty could not have gained the Roman Crown save with mine aid, and I can prove the same by the writings of Your Majesty's agents given by their own hands. . . .

This magnificent dun letter tells who made Charles Emperor, and how.

The Fuggers lost money on their dukes and emperors. Other Germanic houses grew up to compete, especially the Welsers, Hochstetters, Haugs, Meutings, Imhofs, Paumgartners, Tuckers, Herwarts, Manlicks, Adlers, Herbrots, Klebergs.

The Medici family of Florence during its long financial reign, 1350-1550, had power matching the Fuggers'. They were manufacturers of silk and wool, sea traders and, most important of all, bankers. For a time this house was economically supreme in France and England. As their power waned, rival companies grew up in Florence, Siena, Lucca, Cremona. These houses included such world dominating firms as Frescobaldi, Gualterotti, Salviati, Strozzi, Chigi, Bonvisi, Affaitadi.

Before the days of the Medici and the Fuggers there were fewer but stronger corporations and monopolies. The farther back in history we look, the less of *laissez faire* do we find, and the more concentration of power in few hands. If we care to go back to Hammurabi (800 years before the birth of Moses) we find the wealth of the whole kingdom concentrated in one man's hand.

The Fuggers and the Medici served their day. There was no place to turn for capital but to these few big corporations. The excessive power of individual financial magnates attained dangerous dimensions in the age of the Fuggers. The coming of the modern stock exchanges put an end to all that.

Now when a city or state or business corporation wants large capital it turns to the stock exchange, the institution where funds of tens of thousands of

(Continued on page 160)

Business Looks Ahead

BUSINESS THOUGHT AS PRESENTED
AT THE QUARTER CENTURY ANNIVERSARY
OF THE U. S. CHAMBER



LOHR

READERS are coming to look forward to the June number of Nation's Business. In it they find a trial balance of the past year, an analysis of the present position and a weighing of the future as seen by 2,000 business leaders gathered to pool their experience and knowledge for the common good of themselves and of the public. Here they find not only informal expressions of business opinions but a definite, straight-forward program for future guidance

A Few Who Give
Their Efforts for
the Public Good



George H. Davis, of Kansas City, will lead the Chamber in the coming year



UNDERWOOD & UNDERWOOD

Harry A. Wheeler, first Chamber president, and Harper Sibley, retiring president



HARRIS & EWING

Charles Nagel, who saw the need for a united business in 1912 and worked to bring it about



LOHR

John W. O'Leary, former president, returns as Chairman, Executive Committee

Business Looking Ahead

By HARPER SIBLEY

Retiring President, U. S. Chamber of Commerce

THIS is the Silver Anniversary of the Chamber of Commerce of the United States! Twenty-five years ago this organization was formed to bring together into one united body the vast, tremendously diversified business interests of the nation.

Here in Washington a memorable group of men gathered together. This was no chance occasion. More than 550 delegates were present from 317 business men's organizations, commercial organizations and trade associations; from 45 states, as well as from territories and possessions and even from an American organization in France.

Much planning had been done in advance, for Secretary of Commerce and Labor Charles Nagel had, at President Taft's request, undertaken to bring about a meeting to formulate and express the views prevailing among business men with respect to questions of particular significance to business men.

No body of men could be more steadfast than the conferees of April, 1912, in supporting the organization which they created. If we look at the roll of attendance we find the names

of the men who in the following years rendered great service to the Chamber. At least one of them, Cristy Mead, has attended every annual meeting. Harry Wheeler has attended all but four. John Fahey has missed but five. Roland B. Woodward, of Rochester, has attended all but six. Charles E. Reid, of New York City, has attended all but seven. Richard Watrous of Providence has been on hand for 17.

There was a determination in 1912 that this should not be an organization to operate from the top downward, and that stands to this day! The fundamental statutes of the Chamber have been amended, it is true, but the amendments have related to incidental matters. None of the underlying provisions that have

given the Chamber its character have been altered.

Under these provisions, the Board of Directors cannot determine policies for the Chamber. The Directors can only select subjects upon which it is timely for the Chamber to ascertain what policies the members support, after which the Board can authorize appointment of a committee to make its own examination, reach its own conclusions and embody them in a report. Upon the merits of such a report the Board cannot pass; it only determines whether the report should be acted upon by the organization members through their delegates in an annual meeting or by referendum. In neither case is the Chamber committed by less than two-thirds majority. When

MR. SIBLEY'S speech, like all others in these pages, is printed here in a somewhat shortened form. This course was dictated by space limitations and the desire to report as many as possible of the features of the annual meeting of the U. S. Chamber of Commerce



LOHR

Leaders from every state dedicated three days to discussions, formal and informal, of business problems

the Chamber has in this way been committed to a proposition, it is the duty of the Directors, the officers and the staff to support it.

Today, on this anniversary, it is proper to take inventory. Has this Chamber measurably accomplished the high hopes of its founders? What elements of American business today are found in its constituent membership? Is there room for growth and development in service and influence? What of the future?

In an examination of the studies of the men who have made up the Board and the Committees of the National Chamber certain extraordinarily significant facts appear. First, the list of men themselves is immensely impressive. At the call of the Chamber's presidents more than 2,300 of the nation's busiest executives have come to Washington to work without pay on behalf of American business. They have represented every state.

Let us see what they have accomplished:

National Budget: Committed in 1913 by the first referendum to advocate *budgetary procedure* by the federal Government, the Chamber kept at the subject. Finally, in 1921, Congress enacted the *Budget and Accounting Act*. Both Senate and House completely reorganized their committees, that responsibility for consideration of appropriations might be concentrated in one committee in each House.

Federal Reserve System: At its first meeting the National Chamber took up banking and currency reform. Through a referendum it was able to present business men's views at a time when congressional leaders needed aid to fend off unsound banking measures. It was generally admitted that, without this demonstration of business men's views, the passage of the *Federal Reserve Act*,

just before Christmas in 1913, would have been doubtful.

Tariff Commission: The Chamber as a result of its second referendum, in 1913, advocated the creation of a *Tariff Commission* to ascertain impartially the facts on which tariff legislation should be based, and to place these facts at the disposal of Congress. Three years later, in 1916, legislation followed.

Railroad Transportation: As a part of preparations for post-war problems, a series of conferences began in December, 1918, with representatives of the Government, railroads, labor, agriculture, finance, and shippers present. As a result of these conferences, the Railroad Committee presented recommendations which went to referendum. The membership voted overwhelmingly for private ownership and operation, and major propositions with respect to future regulation which took into account both the welfare of the railroads and the public interest. In the *Transportation Act of 1920*, when the railroads were returned to their owners, these principles became law.

Motor Carriers: Regulation of motor carriers was urged by the National Chamber in a referendum in 1933. The principles advocated by the Chamber, to place appropriate regulation in the hands of the ICC, were embodied in the *Motor Carrier Act of 1935*.

Merchant Marine: Principles respect-

ing ship subsidies and related matters, as determined through referenda and annual meeting resolutions, have largely been enacted into legislation, the latest important stage of which is the *Merchant Marine Act of 1936*.

Trade Associations: At the end of 1921, the Supreme Court handed down a decision in such broad terms that the legality of all trade associations under the anti-trust laws was brought into question. The effect on trade associations was serious. The Chamber immediately appointed a special committee to study the situation. It sent out a referendum to its membership. As a result of these studies, the Chamber became committed to the necessity for immediate legislation to declare legal those proper powers of trade associations necessary for the promotion and protection of American business. In 1925, two opinions made it unmistakably clear that the activities supported by the Chamber's membership were after all legal. These decisions have since constituted a strong working charter for trade associations.

Income Tax: The Chamber's activities regarding taxation have been continuous since the income-tax amendment to the Constitution became effective in early 1913. In developing the administrative features of the tax laws, the Chamber's policies as declared by its members have had more influence than any other



Senator Copeland took an active part in the sessions



Lamont du Pont gives the speaker his attention



Mr. Sibley, James A. Farrell and Philip J. Fay find time for informal discussion between scheduled conference meetings

PHOTOS BY LOHR

source. Meeting defeats at times, the Chamber has persisted in the interest of equity and equality for all taxpayers. In 1937 the Chamber is still urging changes which will undoubtedly be made in due course.

The list—and many examples might be added—is impressive! There can be no controverting the evidence that the National Chamber has been one of the great educational forces of the nation—constantly stimulating wise action through the

established processes of democracy.

What is the present composition of this national organization?

It is, of course, an aggregation of business men and women. In its voting membership are listed 992 chambers of commerce from every part of the nation and 410 national and regional trade associations. While we include in our membership 34 chambers of commerce in cities of more than half a million people, 417 of our member chambers are in places of less than 10,000.

Moreover, the Chamber by-laws provide that, in all voting as to matters of policy, each organization shall be allowed one vote for its first 25 members, and a vote for each 200 additional members up to a maximum of ten votes. The small and moderate sized chambers and trade associations, therefore, have a pronounced majority in determining Chamber decisions.

In the past year, the National Chamber has been active in many fields. The annual report of the Board of Directors is an unusually interesting statement of study and action. Certain subjects are of conspicuous interest.

Always of concern to the Chamber membership, because of its direct bearing on economic conditions, is the federal-Government's policy toward expenditure and taxation. When the Chamber came into existence, President Taft was struggling for efficiency and economy in a Government spending \$900,000,000 a year. In the current year, federal expenditures will be almost \$7,800,000,000. Then the national debt was also \$900,000,000. On June 30 the national debt will stand at more than \$35,000,000,000. In the early days, the Chamber and its whole membership supported the President of the United States in his efforts to reduce expenditures. I am certain every one of us will respond to the efforts now being made by the President to prevent new expenditures.

Back in 1912 there was considerable concern over growing federal bureaucracy; the number of employees in the federal executive civil service had risen to 370,000.

Today the number of employees in the executive civil service of the United States alone exceeds 800,000.

With new and increased taxes enacted each year for the past four years, we take hope from the strong opposition evidenced in Congress against further tax increases this year. Nevertheless, business can as yet feel no definite assurance. In the meantime, the Federal Finance Committee of the Chamber is trying to bring about amendment in the Corporate Surplus Tax. The Chamber op-

posed this tax in Congress. It pointed out the defects inherent in the measure. Now repeated and stronger arguments are being presented.

One of the strongest and most effective departments of the National Chamber is that concerning foreign



A. P. Greensfelder, of St. Louis, jots down a few notes before presiding at the conference on construction

trade. Both through our participation in the councils of the International Chamber of Commerce, and through our direct contacts with member American Chambers of Commerce abroad, we have sought continually to improve the conditions for world trade and to advance American trade in the international field.

The Chamber is continuing its efforts in behalf of a stronger and more efficient American Merchant Marine; for improved services of communication and news; and throughout the years we have been working for a more adequate diplomatic and consular corps in the Department of State, and for the best possible specialized foreign trade service in the Commerce Department.

The membership of the Chamber has repeatedly declared itself in favor of the Government's program of Reciprocal Trade Agreements.

During the past year our Special Committee on Monetary policy, recognizing the importance of international monetary stabilization, has proposed plans to advance our national interests.

During the past year, the National Chamber, through its Committee on

Employment, has studied unemployment and reemployment.

Perhaps the factor of greatest concern today lies in the field of employer-employee relationships.

During this year the Chamber has given constant attention to these employer-employee questions. We have studied the legislation in effect in England with respect to labor organizations and the activities of their members and representatives, and we have described that legislation to our members. We have gone into the functioning of the Walsh-Healey Act. Our committees have studied questions of hours, wages, child labor, and government intervention in labor disputes. The Board has declared itself clearly and positively against the "sit-down" strikes, called on government to protect property rights, and urged our members to support and encourage officials in preserving law and order in these situations.

The past is preparation

WHAT we have done to date must be regarded simply as preparation for the future. The problems of public policy and the problems of management in working out the best possible labor relations must occupy the thought of business men as individuals and of our business organizations.

It is obvious that the question of employer-employee relationships is far from settled. It cannot be settled by force. It cannot be settled by attempting to safeguard the rights of one group while limiting the rights of other groups. Bargaining cannot be one-sided.

These problems are not new. If we turn to the Chamber's record for the past 25 years, we find them recurring in one form or another intermittently. It is probably evidence of the vitality of American business that it is constantly on the march, continuously adapting itself to new conditions.

The next 25 years will doubtless bring more changes. These business must face frankly, courageously and practically. Established practices must be reappraised in the light of these changes. Relationships of employers, employees, consumers, and investors must be kept in balance. This cannot be done effectively by discarding fundamental principles upon which the American national economy rests.

It cannot be done by smashing the machinery. But it can be done by making it work. This will require the recognition of mutual responsibilities as well as the assertion of rights, by management as well as by labor, and all other groups whose well-being depends upon the success of our great national enterprise.



The reception for past presidents provides lighter moments, including a dancer who enters by way of the anniversary cake



The patio is a popular place to relax, to exchange ideas, to make new friends or renew acquaintances with old ones



First stopping place of the delegates is the registration desk, where credentials, programs and information are available

PHOTOS BY LOHR



The National Councillors, whose session prepares the way for the meeting, take time out to enjoy a buffet luncheon

The Ideals of a Business Man

By SIR EDWARD BEATTY

Chairman and President, Canadian Pacific Railway

WHAT I say here must be taken as the views of one man—who knows that, in his own country, there are those who do not agree with him.

The English-speaking nations are often charged with an unreasoning devotion to material profit. I think the charge is probably unfair. In art, in literature, in pure science, in ethics, and, above all, in the search for liberty combined with order, the English-speaking communities have made lasting contributions to history.

In the English-speaking communities industry and commerce have reached their greatest development, science has accomplished its greatest wonders, and individual ambition has done most to add to the wealth and privileges of the human race.

This process of multiplication of wealth by industry and commerce faces new problems. We face social unrest and discontent on a great scale. It is evident that the whole theory on which we have built the progress of our society is under question.

This is not a state confined to the English-speaking nations. The whole world is disturbed; but if it is possible to discharge the discontent of the day, not in wrecking our system of society, but in adjusting it so as to remove social friction and unrest, then it will be in the English-speaking communities that we shall find the answer.

Of what does this discontent consist? There are those who insist that our whole system of society must be replaced by one in which the state is all-powerful. On the whole, these advocates of radical change do not appear to have captured the support of the majority of the people of this Continent.

In addition, however, to these extremists there is a vast number who, willing to continue our social and

economic system in its present general outlines, still urge that it includes such inequalities and injustices as to make it overdue for change.

Concentration of wealth

I SHALL not argue for or against change. I propose to offer certain important considerations which, it seems to me, simple wisdom should lead those who oppose radical reform to keep in mind.

The advocates of reform often base their case on the existence of great wealth concentrated in the hands of a few individuals. Against the calculations presented to prove this might be set the computations which show how little the average reward of workers would be increased if all the income of our nations, in excess of such a figure as almost everyone would admit to be reasonable, were divided equally among all receivers of income.



Sir Edward Beatty

In the second place, advocates of redistribution of wealth seem to exaggerate the ease with which it might be accomplished. Wealth is not a name for things, but a name for a condition. Things may be divided—conditions cannot.

The illusion that this is possible comes down the ages from the days when wealth could only be gold, land or commodities. It is easy to divide these.

Our modern system of monetary economy is such that in it there is small place for idle wealth—for wealth withdrawn from the use of the less fortunate by the single fact that it is in the possession of one of the more fortunate. To say that a man owns a million dollars today merely means that he controls the power to spend an income based on the possession of a million dollars in investments. As far as he

spends that income on goods and services for his own consumption, it is not only not withdrawn from the use of others, but is daily returned to that use.

If the wealthy man, having satisfied his needs and his desires, then turns to save, he will either invest his savings in increasing the productive power of the world by contributing capital for the use of industry, or he will entrust his savings to the care of some fiduciary institution which can only justify its existence by using the wealth so entrusted to it as capital to be lent to those who wish to use it.

In principle and in practice the redistribution of wealth, although it would add to the power of the poorer members of society to purchase the goods and services of others, could only do this by limiting the power of the present owners of wealth to do exactly the same thing.

The wealth of an individual is

merely a part of the condition of wealth of the world. The answer to poverty is not to reduce the wealth of the rich. It is to increase production.

The road to maximum wealth and contentment in any community is by the simple process of providing every man and woman who wishes to earn the opportunity to do so.

It is not, to my mind, a fact that we have solved the problems of production and not those of distribution. It is far more nearly true to say that the wealth of the world is too little, and that, if we will make it greater, the problem of distributing it will not be insoluble.

I should like to offer the further suggestion that the social and economic system in which we live is not a machine but an organism. Human society is as truly organic as a plant

conceded, and is enjoying entirely suitable conditions of employment.

This is not enough. The English-speaking nations are democracies and, in a democracy, it is not enough that anything should be true. It is also necessary that men and women should know the truth, and know it to be the truth.

I appeal to you to remember that it is not enough for business men to be right—they must also prove to the public that they are right.

Business is based on the wisest and best of all human motives—the profit motive. All that the profit motive means is that each human being will seek those things which he desires



Secretary of State Hull, Canadian Minister Sir Herbert Marler and Federal Reserve Board Governor Eccles meet at the annual dinner



Gerard Swope, General Electric Company president, is introduced. Beside him, Lewis Pierson, Irving Trust chairman



David Sarnoff, President Radio Corporation of America, is introduced

or an animal. We can stimulate and, to a limited extent, control the amount and direction of its growth. We cannot alter its rate or type.

I offer these suggestions to show those who would reform society the need of care and the patience required to accomplish their worthy purpose. I do not put them forward as arguments why society must not be reformed. I suggest that on those who believe as I do lies the responsibility to show that their belief is right.

Take, for example, vexed issues between capital and labor. It may be easy to prove that this or that class of workers is today receiving as high wages as can safely be paid them, is working as short hours as may be

If the great majority of our people believe that labor is underpaid or exploited, then, for all practical purposes, the people will act as though this were true, even if it be not true. If those to whom is committed the conduct of business fail to convince the people that they carry out their task wisely and well, then, for all practical purposes, they have failed in their duty.

It is no answer to say that ignorance and greed of the mass, or the appeals of demagogues, may prevent fair judgment, and that business leaders, living up to the highest standards of fair dealing, may still be misjudged.

and can gain, and in that lies the only source of motive power for the progress of the race.

What we must remember is that the application of the profit motive must be intelligent. In a democracy, for example, it can only be exercised successfully, provided it is exercised in accordance with the will and conscience of the mass. If the mass errs in its judgment, confuses an intelligent search for profit with blind greed, then the responsibility lies on business to place its case clearly be-

fore the public, and to gain public confidence.

I know the difficulty of this task. What we must remember is that we may not always have been wise in trying to fulfill it.

Business leadership must do better. I have said that the profit motive is wise and good. Should it fail to be wise enough and good enough to serve as a reasonable guide in keeping the economic life of a modern nation functioning smoothly and well, the people will be ready to follow those who attack it.

Seek the lasting profits

THE answer to this lies in the acceptance of a few simple principles. One is that the profit motive is only adequate as a guide when it is directed by some sound appreciation of the difference between a passing profit and a lasting one.

Profit can only be lasting if those

who gain it gain at the same time the confidence of those who work with them, and of the mass who consume their product.

This is a time for business men to reassert their faith in the system of society of which they are a part.

I believe in the maintenance of the system of society which we have. I believe that a society of free men engaged in honorable competition to add to their wealth is the one best adapted to raise the general standards of our living and to improve the race. I believe the functions of the state should not be increased, but limited. I believe that ordinary decency and the ethics of our society will keep us from permitting the excesses of individuals from becoming a danger to the community at large.

I do not fear the future. I do not believe that democracy cannot last; that we must substitute dictatorship, or the rule of a minority, for freedom. I believe that the people of this

continent are sound; that they can be trusted to trust those who deserve it; that their intelligence is high enough to permit them to see the underlying truths of the conditions of our times.

The business world cannot defend itself against demagoguery or reform by trickery or by conspiracy. The hope of survival of capitalism lies in education. It lies in substantial correction of its own errors and its excesses; in demonstrating more wisdom and a higher conscience.

If business men can convince the public that they know where they are going; that they are wise enough to know that the individual cannot profit except as the community flourishes; that capital believes in its essential partnership with labor; that private wealth is, in a modern society, a trust and not a personal possession—then I believe that the ferment of the time will end in growth and not in destruction.

The Sweep of Twenty-Five Years

By HARRY A. WHEELER

First President, U. S. Chamber

TWENTY-FIVE years ago the evident lack of unity among business men wrought out the plan for organizing this Chamber. President Taft saw the great need for a national organization that might be accepted as representative of American commerce and industry. But President Taft at that time did not believe it was possible to create such a thing.

However, he had in his official family as Secretary of Commerce a man who did believe it could be done. Mr. Nagel's faith created this organization.

There were other men then and since who worked strenuously to lay a foundation that would last. National organizations of this type had been tried before, but had not succeeded because of the lack of support, not monetary support—personal, physical support. Previous attempts left little precedent. The only one that came down to those who tried the task of organizing this Chamber was that its foundations, its plans, and its purposes must be truly representative of all sections of the country and that its speech, its conclusions, its recommendations, must have the assent and consent of a constituency representing all American business.

I wish I could picture to you the first meeting of the Board of Direc-

tors elected to serve this baby organization. If there ever was a puzzled group of men and a puzzled leadership it was that little group who had the task of doing something without precedent and yet the spirit to create something that should last.

We asked a difficult thing; we asked that a baby organization, just coming into life—sponsored, it is true, by a powerful interest in federal affairs—should suggest that organizations long in existence should submerge their voice in speaking on national affairs into the voice of the baby.

Seeking the business consensus

AN organization that would deserve such cooperation had to be based upon certain principles that were clearly defined and honestly performed. That first Board's most difficult problem was how it would be possible to express sincerely, honestly, and in a representative manner, the views of American business. Prior to that time qualified boards of directors were privileged to meet and consider and declare the opinions and the conclusions of their respective organizations. But that was not enough. Another way had to be found. After interminable discussion and conflict

of opinion the referendum principle was chosen as the method through which we could assure public authority or any other authority that we had the right to speak because our constituency had instructed us what to say.

So, 25 years ago, business yielded to the invitation to concentrate its voice through one organization. Today, when the need for unity is greater than ever before in its history, American business faces a disintegration that might be quite as great as that existing when this Chamber was organized.

I would like to have you look with me for just a moment at other interests than the National Chamber or than American business. There are not many well defined and definite national interests in our life. I would consider only three. First there is the religious, educational and social service group. This constitutes a great national interest and, from the humanitarian standpoint, is probably the first national interest, for its motives are different and more charitable—at least less inclined to be attributed to selfishness—than those of some of the other interests.

The second group includes agriculture, labor, and what for want of a better term we shall have to call the

economic interests—production, finance, distribution. There is a definite integration in this group, but little unity.

The third national interest is the political. Of that we are all a part; that we create and we create it to govern us. It is not representative of the interests of every elector. It, when elected, does not see clearly with the eyes of all men. It has problems that are singularly its own. But when it assumes that it can be the master of all interests and can direct and control them and their processes, it is entering a field in which it cannot operate.

Our responsibility lies directly with the second group—the economic interests. This Chamber was organized to represent them and to advise them and to speak for them in national matters that came under the juris-

diction and power of this Chamber. Unfortunately, we do not hold them all in our organization, but unity of American business will not be accomplished unless a way can be found to bring them into a common purpose and a common expression.

Need for a common voice

THE forces on the other side are organized, they have the right of way, they have the right to make power for themselves that we may not always regard as strictly in accordance with or in conformance to the underlying principles of our government. What do they care for us if we are not organized in like manner, if we cannot find a way to merge our interests and raise a common voice and an agreement that will have power wherever expression is given? It is needed.

It is difficult to acquire, but some means must be found for drawing us together again as a whole, if not in the way of 25 years ago—and years change conditions—in a way that can be found today to create that force the lack of which will deter the satisfactory movement of our country and will delay indefinitely the coming of that prosperity which knocks at our threshold for admission and which ought not to be denied.

I beseech you to think this through and find a way by which the economic interests may present a force that will be so united, so willing to confer, so willing to concede and to compromise where individual interests are in conflict, that it shall compel forces that are antagonistic to our life and to our principles and our institutions to stop and think and retrace their steps.

What I Hoped for the Chamber

By CHARLES NAGEL

Former Secretary for Commerce and Labor

THERE has been a pronounced disposition to give me too much credit for the creation of the Chamber of Commerce of the United States. I had something to do with it because I happened to be in a position where I could exercise an authority that would give impetus to the movement which had been carefully considered by men wiser in that field than I.

There was a good deal of doubt about the wisdom of it. President Taft felt by no means secure. But when finally it was agreed upon I shall never forget President Taft's splendid attitude. When he embraced it, he stood for it, and when I asked him to come to welcome the delegates he told me that he really knew nothing about it and relied entirely upon me. But he said, "If you say so, I will come, if you will write my speech."

He didn't often do that, but I did prepare that speech and when he came to meet the delegates he told them that he would read the speech that one of his secretaries had prepared for him.

After all he did have a dream and unhappily dreams don't often come true immediately. I dreamed, when this Chamber of Commerce was organized, that this organization would not simply promote what we call prosperity. I dreamed that it would have some thought for the relations of all those engaged in furthering our success. I do not want to be senti-

mental, but the relation between capital and labor was impressed upon me then, if anything, more forcefully than it is now. If you will read a report that I made in 1910 upon the conditions of labor in some of the steel industries, you will find that, in 27 years, tremendous progress has been made.

Cooperation of labor and commerce

I BELIEVED then that commerce and labor should not be permitted to get into an antagonistic position. I was strongly impressed then as I am now with the idea that there should be a cooperation between them and that, with all the differences that may arise, that spirit of cooperation should be the strongest factor in the whole relation. I am afraid we have rather drifted into the idea that rights can be obtained only by force. I do not believe that any happiness of any people has ever been based upon permanent force.

Force may be necessary to effect a revolt against unbearable conditions, but, after the revolt, if force is still needed, the change hasn't a sound basis to stand upon.

I know force has to be used, but we forget one distinction. You may have the power to suppress vice but you can't coerce virtue. That must come from within.

Our trend has been the other way.

The Wagner Act is regarded as a triumph for labor. I doubt it. The Wagner Act now gives labor an advantage, so-called. The Government receives labor's complaints, acts upon approval or disapproval, assumes the whole cost and obligation of the prosecution, renders the decision before a judge of its own choosing. That will require wise administration, impartial judgment, a disposition to hold the scales aright to interpret that law as a permanent advantage.

All legislation should be considered in the light of what it may ultimately do for us. We have been unmindful of that because we have been a people to look for immediate consequences. We want results and we come to believe that if we enact a statute we have made a law. We have not. That is a mere resolution and resolutions are of no value unless observed.

So we must not rely too much upon promises. We must not rely upon force against force. It is an anomalous situation to have capital and labor in antagonism.

There ought to be dignified self-respecting cooperation, because force will never take the place that is held by sympathetic consideration. Sympathetic understanding and wisdom will become the guiding rule if you, as a body of intelligent and wise observers, make it your task to further that understanding.

Facing the Future in Associated Effort

By COLBY M. CHESTER

Chairman, General Foods Corporation

YOU are celebrating today the quarter-century anniversary of the establishment of your Chamber—and you have cause for rejoicing. But—this occasion is not yours alone! It is an important event to all who participate in American business and industry. Remarkable strides have been made in these 25 years, and, in the light of the problems that surround us, it is important that this record be emphasized. Because, as I interpret it, the rift in our national thinking today is between those who feel that our progress in human betterment has been slow, and those who feel that, considering all circumstances, our progress has been as rapid as could be expected within the complexity of our modern civilization.

After all—how fast is fast enough? What is “a reasonable rate of speed?” Business men, self-disciplined by responsibility, cannot afford to drive recklessly a machine which belongs to so many people. And so we come into the realm of opinion, and opinion swings with the pressure of personal experience. How fast has business moved forward in its human objectives?

The record shows that it *has* moved safely ahead at a rather rapid rate, and that business management *has* steadily grown in social consciousness.

I for one am not ashamed of the record of business and industry in the field of wages, hours, and employee relations. Rather, I am proud to be associated with the vast number of honest, sincere, patriotic business men who have helped to bring about this progress.

And yet, up to now, in voicing the facts of the improvements in the business world, we have at times been as one crying in the wilderness; we have convinced only ourselves. Why specifically are we confronted with



Colby M. Chester

this situation? What is the definite charge against business management?

One charge has been that management has been and is in collusion with capital, and between them labor and the consumer have been deprived of their just share. Nevertheless, in 25 years, prices to consumers have come down greatly and quality of merchandise has gone up at an even greater rate. The hours of labor are shorter, pay is higher, and working conditions considerably better. And capital return has gone down. That does not look like collusion between industry and capital.

True, some wages in this country are so low, some working conditions are so bad, and some managements are so callous to the concepts of fair dealing as to arouse the indignation of all right thinking people. Industry itself has particular reason to condemn these things, for it is tarnished by them.

But you know and I know that business men generally deserve a decent place in public esteem.

I believe that, if you gentlemen were to do nothing more at these sessions than to get American business

just to *re-evaluate* its true place in the nation's picture—and, at the same time, were to make some start in inviting the public to scrutinize *for itself* the accomplishments of business in the light of national welfare, you would be performing a great public service.

We should not remain passive in the face of the public's lack of understanding of American business. In an industrial democracy such as ours, it is essential that the people in business and industry should participate in the rapidly moving events of the day . . . not defensively, not apologetically; but *actively*, and courageously.

To deny the realities of the hour is not escape; it is abdication from responsibility.

The very fact that you have come to these Chamber meetings, seeking new light on these modern and complicated problems far from solution, demonstrates your *consciousness* of responsibility and your *willingness* to serve the community.

I should like to discuss with you what seem to be important phases of the job ahead.

Somehow it seems to me that we all lose valuable time listening to the newest in cure-alls and at the same time alarming ourselves over ghosts that probably won't bite—until we begin to neglect the time-tried verities and that harder course of sound, honest thinking which is customarily our standby. Perhaps we'll get farther if we just do the job we're equipped to do.

An important part of the consuming public is the group on the pay roll. Since our employees are our customers it is only common sense for us to want them to prosper. That is overlooked by those who maintain industry is insincere in its efforts to improve personnel relations. Of course, you cannot blame management for expecting a note of re-

sponsibility to enter into such negotiations. It just happens that that is the way management works.

Industrial conflict is costly at any time. Our native flair for efficiency should be enough to inspire harmonious relations; and we'll all thrive and grow faster with the cooperation of labor enlightened by a consciousness of its responsibilities.

Industry invites—yes, it eagerly welcomes—labor's cooperation in the complicated problems confronting us. But labor needs to visualize a bit more management's predicament.

Certainly we would like to raise wages and dividends, lower prices still further, pay more for raw materials and services and meet all the demands of the taxation programs. But HOW can this be done? It may be well to join minds over the conference table and see.

One of our most difficult problems is unemployment. Unemployment and relief weight down the tax load. In all candor, as a nation we have not done as much as we are capable in paring down this burden. Why should we allow perhaps millions of able people to remain on relief—when united thinking and planning might find ways to train and bring many of the unemployed back into gainful private industry?

Let us, then, work to make jobs in private industry so attractive and accessible that thousands now on relief will work in industry.

Hence it might be well for every manufacturer, every merchant and

business man, every industry to study existing methods of operation to see what more can be done to employ many of those on relief.

Employees and employers

ANOTHER thing. Don't let the alarmists convince you that there is going to be any permanent conflict with labor on one side and management on the other. The truth is that the big majority of employees not only feel friendly toward their employers, but are becoming increasingly aware of management's intentions and efforts toward improved industrial relations.

We believe we are entitled to be proud of the activities of industry and business in the past 25 years.

I don't want to sound smug about all this, but I maintain that you and I and our associates see more clearly today the progressive course most profitable to follow; and I am sure that the historian will credit a part of this improvement to the fact that, since the turn of the century, business men have increasingly cooperated in their trade associations, which have helped them to realize that the good health of a man's competitors is important if that man himself is to prosper. And so associational work has revealed the dollars and cents value of high ethical trade practices, and the nation has been the gainer.

But we'll go ahead much faster with public good will. Men work best under the approval of their neighbors. It's hardly enough to expect the

business men to assume the responsibility for the welfare of the three-quarters of the nation dependent upon business and industry for their livelihoods, and not grant these same business men a measure of sympathetic understanding now and then!

It would be futile for me to stand before you, and pretend all is well with America. The forces of unrest, undeterred by national boundaries or expanse of ocean, hover over us. Rising costs of living, continued unemployment, the spirit of covetousness, the drifting of many people away from religious fundamentals, are irrefutable facts. America needs a rebirth of patriotism, a renewal of the faith of the fathers.

There is a challenge to all segments of our national life. A challenge to the business man to put human relations and national welfare ahead of every other consideration; a challenge to labor to obey the law and to confine its demands to those things for which it is prepared to accept full and sober responsibility; a challenge to the teacher to impart more of the realities based on fact and less of theories and opinions; and finally, a challenge to those on whom the fate of our country so heavily depends, those who hold public office, to be faithful to their great trust even at the expense of their political future.

A clearer call to cooperative service was never given than that now presented to every man and woman in America. If we heed it, we can continue to be the land of the free.

The Trade Association Field

LABOR relations, public relations and government relations constituted the major subjects of discussion at the Semi-Annual Meeting of ATAE.

Ernest G. Draper, Assistant Secretary of Commerce, urged trade association executives to assist industrial and government officials in their study of industrial relations. He said:

We need a more comprehensive labor policy, the chief emphasis of which should be placed upon voluntary conciliation, voluntary mediation, disciplined and responsible unions, disciplined and fair-minded employers, the frank acceptance by employers of collective bargaining and the right of employees to join, free from coercion, organizations of their own choosing.

Under the theme, "Increased Responsibilities and Functions of Trade Associations under Modern Conditions," Earl Constantine, Managing Director of the National Association of Hosiery Manufacturers, called at-

tention to the fact that increased regulation of manufacturing enterprises calls for aggressive action by trade associations to deal with industry-wide problems.

Other trade association executives indicated the inability of the trade association to deal with labor matters. Employer-employee relations, said some, in the first instance, are matters of concern between an individual employer and his employees; second, labor matters are of a community or local character and are affected by conditions in unrelated industries within the same region. The discussion indicated, however, that a number of trade associations are extending their informational and advisory services with respect to industrial relations.

The need for an aggressive program on public relations was emphasized by E. L. Shaner, Editor of

Steel. He called attention to the fact that congressmen, in considering legislation affecting industry, were thinking more of the effect of laws upon industrial giants than upon concerns of average size. The man in the street should have a clear picture of industry's place in the national economic structure and the plight of the manufacturing concerns of average size. Trade association executives can accomplish good, according to Mr. Shaner, by elevating the standards of business ethics which will help make business men better citizens in their communities and better members of trade associations.

Paul Wooton, Washington Correspondent, McGraw-Hill Publications, in a luncheon address on "Topics on the Tapis," reviewed the Washington legislative situation and reported on the important measures affecting business.

The Outlook for American Enterprise

By VIRGIL JORDAN

President, National Industrial Conference Board, Inc.

THE PROSPECTS of increased prosperity, full employment, peaceful working relations, and higher standards of life and character among the American people depend upon the outlook for enterprise. Will the State destroy the enterprise principle? Will business management defend, strengthen and improve its operation in American life and work?

This question underlies all the political and economic issues of the day. It confronts every person in America. The answer will determine his welfare, his peace, his freedom and his character.

As matters stand today, the issue hangs in the balance. This is the eleventh hour of enterprise in America. Its fate is in the hands of the State and of business management. I can only tell you what I think the principle of enterprise means, what conditions it imposes upon everyone, what has happened to it in recent years, what the causes are, and what the consequences must be. Whether the American people desire it to endure, what business leadership will do to preserve it, I do not know.

Enterprise is the vital principle underlying the accomplishment and the character of the American people. What is it, and what does it demand of us?

In its spiritual aspect, the enterprise principle is a recognition of the supreme importance of the individual human personality, whose energies are the source of all creative power, whose development is the end and object of all social activities and institutions. In its material aspect, it expresses itself in an organization of life and labor which most fully releases the creative powers of the individual for the benefit of all.

The conditions of its effective operation are rigid and uncompromising because it is governed by the immutable laws of life and nature. It requires among a people and their leaders a firm grasp of the basic facts of human existence and human character. It requires a people who understand that their prosperity and security demand incessant labor. It



Mr. Jordan addressing the general session

requires a people who understand that individuals inevitably differ in intelligence, will, capacity and accomplishment, that progress implies endless differentiation, and that uniformity means stagnation and decay.

The enterprise principle implies that the individual shall be free to work at any occupation, to save his earnings, to acquire and own property, to enter any business, to invest his savings in any undertaking. It implies that he shall not seek or obtain from government aid, support, protection or privilege that gives him an artificial advantage over others, relieves him of the risk or pressure of competition or assures him security of position, investment or income against the consequences of change.

The government's job

THE enterprise principle implies that government shall never be anything but the agency or instrument, established by men for a single purpose—to protect and promote the operation of the enterprise principle among them, and to do those things which they specifically delegate it to

do to this end. It implies that their public employees shall never use the power that has been delegated to them for their own advancement, to give any citizen special advantage over others, to take the property of citizens and give or sell it to others, or to diminish the freedom of any citizen to work, to save and to own property he has lawfully acquired.

Unless these basic conditions are met, the enterprise principle cannot operate or endure. Government as an agency of the enterprise organization then ceases to exist and becomes the State, something separate from and superior to the people, which they must protect themselves against. It becomes a group of privileged persons who usurp power not delegated to them which they use for their own advancement. The citizens then become subjects, instruments or dependents of the State, and their life and work becomes a struggle to live on the State or to exist under it.

This has constantly happened in the human record. The people who separated themselves from the absolute State in Europe and established the enterprise organization in America in 1776 agreed that it should

never be permitted to happen to them. They wrote this agreement in a Constitution which is a covenant embodying the enterprise principle in the political institutions of the federal Government. It is the ultimate weapon which they forged to protect themselves against the State.

This is the essence of the American Constitution and of the political institutions it embodies. This is what public employees swear to protect, preserve and defend. When it ceases to serve this purpose, when the people no longer desire to have it serve this purpose, when its use to this end is qualified or altered in any respect without their consent—it ceases to exist. In its place is substituted the absolute State.

That may be what the American people want today, and what they want they should have. But it means the end of America.

Many factors have been at work to sap the vitality of the enterprise principle in America. These factors have enabled alien influences to invade and capture the dominant forces in American life and thought. During the past 30 years America has become a nation of heterogeneous racial, moral and intellectual elements in part fundamentally antagonistic to the original and inherently American philosophy of life, work, government and society. This dilution of the American character and temperament has supplemented and speeded a deterioration of the American stock

itself in every field of activity where it had been the vital creative force.

As part of this process, American business management itself has tended to lose its grip upon the enterprise principle as the basis of economic development and progress.

In consequence, the American people have been an easy prey to persistent attempts to undermine and destroy the enterprise principle. America has become an inseparable part of a world-wide system of economic, social and political ideas.

The essence of these ideas is the belief that modern science and industry, under the direction of the State, can make everybody perma-

Improving the Nation's Health



William Dunkerly accepts the health plaque awarded to Pasadena. Dr. Arthur T. McCormack makes the presentation

PRESENTATION OF AWARDS to the winners in the City and Rural Health Conservation Contests is a feature of the annual meeting. These contests are carried on by the Chamber in cooperation with the American Public Health Association. The 1936 contest for cities was the eighth in the series, while the Rural Contest was conducted for the third year.

The City Health Conservation Contest is financed by a group of insurance companies while the Rural Contest, which is confined to full-time county or district health units, is financed by the W. K. Kellogg Foundation of Battle Creek, Mich.

The 1936 entries included 257 cities in 43 states, Alaska, and Hawaii, with a population of 25,000,000, or nearly half of the total urban population of the country. Of these, 29 were competing for the first time.

Two hundred and seven counties or districts enrolled in the 1936 Rural Health Contest, 47 for the first time. This enrollment represents approximately 6,000,000 population.

Entrants in the contests are graded upon the basis of the safety and distribution of the public water supply, the safety and adequacy of sewage disposal, the quality and protection of the milk supply, the extent to which children are

safeguarded against those diseases for which definite protection is available, the effectiveness with which the city provides for the health of its school children, the success of the city in controlling and preventing such important diseases as tuberculosis and syphilis, and the extent to which community efforts have established effective means to prevent maternal and infant deaths.

Awards in both contests were presented by Dr. Arthur T. McCormack, President-elect, American Public Health Association, and State Health Officer of Kentucky.

Among cities of 500,000 or more, the winner was Milwaukee. Winners in other population groups were: 250,000 to 500,000, Dallas, Texas; 100,000 to 250,000, New Haven, Conn.; 50,000 to 100,000, Pasadena, Cal.; 20,000 to 50,000, Greenwich, Conn.; less than 20,000, Middletown, N. Y.

In addition, special awards were granted to a small select group of cities which have twice won first place in the contest and have maintained their previous high standards of health achievement. These special awards in the 1936 City Health Contest were given to Baltimore; Hackensack, N. J.; Newark, N. J.; Palo Alto, Cal., and Schenectady, N. Y.

In the Rural Health Contest, the winners were: Northeastern Division, Columbia County, N. Y.; Eastern Division, Davidson County, Tenn.; Southeastern Division, Pike County, Miss.; North Central Division, Shawnee County, Kan.; South Central Division, Dallas County, Texas; Western Division, Los Angeles County, Cal.

A special award was also granted to El Paso County, Texas, which had previously won the contest twice and in 1936 continued to maintain its previous high standard in health protection.

In addition to these winners, a number of awards were also granted to cities and counties for meritorious achievement in public health work.

nently, equally and infinitely prosperous and secure, without work, thrift, sacrifice, or responsibility.

These ideas have deeply penetrated the mind of the American people. They have found expression in all political parties. The present Administration has built around them a vast political organization designed to maintain it in permanent power; and it has embodied them in a vast structure of law and the governmental machinery.

They determine not only the outlook for enterprise in America, the prospects of the American standard of living and of peaceful industrial relations, but the whole future of our political and social institutions.

These ideas are contrary to the whole human record of economic experience. They violate every fundamental law of life and work. The hopes they inspire are delusions, and policies of public and private action based upon them must ultimately create more widespread poverty, suffering, insecurity, conflict and violence among the masses than the world has ever known.

In some countries they have been carried to their logical conclusion in violence and civil strife. In this country they have been given effect as fully as in any other country, but so far without much violence. The basic revolution in economic organization and political institutions which they imply has in fact been practically completed. The process has been so silent and so disguised that few have been conscious of it. The outer shell of the private enterprise system has scarcely been touched, but an almost complete governmental mechanism has been created by which the core of the system can and will in the course of time be silently eaten away so that, with the next shock of economic emergency, the shell must collapse and large sections of the private enterprise organization must be absorbed into state management and finally ownership.

This governmental mechanism is designed fundamentally to transform the private enterprise organization of production gradually into a system of state capitalism under the ownership or management of an absolute central government. This objective is being attained by persistent application of the following simultaneous processes:

1. Retarding or preventing the accumulation and reinvestment of pri-

vate individual and business savings.

2. Forcing the diversion or redistribution of income from savers to consumers through confiscatory taxation of current savings, borrowing of future savings, and their dissipation by government expenditure.

3. Preventing and dissipating existing savings by creating conditions which will compel operation of private enterprise at a loss.

4. Destroying the value of present and future private savings by creating conditions which will depreciate the currency.

5. Accumulating and concentrating the liquid savings and credit resources of the whole community in the hands of the State, so as to make it the ultimate source and absolute allocator of capital funds.

Under existing legislation and public policy these processes are being carried out by an elaborate governmental mechanism. These are the principal parts of it, already in operation:

1. The State has expropriated and now owns all present and future gold reserves of the nation, and can determine their currency value at its discretion. It can destroy or reduce the real value of all the money savings of all the people of the United States by a stroke of the pen.

2. The State now has complete control and part ownership of the banking system and the credit resources. It can control absolutely the interest rate on all savings and determine the amount and price of all capital borrowed and invested in the United States.

3. The State has absolute power to expropriate, and is expropriating, present and future savings by unlimited taxation of individual and corporate surplus incomes, capital gains, estates and inheritances, and by unlimited borrowing. The

spent an amount equivalent to more than half as much as the American people have ever produced with all their labor and savings in the most prosperous year in their history.

These parts of the machine now give the State complete power over the accumulation, the value and use of present and future private savings. Additional parts of the mechanism are designed to dissipate and destroy existing private savings and to make future private savings impossible.

4. The State now directly controls food and clothing prices, a basic factor in all production costs, through control of agricultural production and of farm operation.

5. The State now controls the principal power resources and the prices of coal and electric energy—another basic factor in production costs.

6. The State now controls directly the management and cost of labor in the production of commodities, services and construction purchased by it from private enterprise.

7. The State now has indirect competitive control of general wage levels, working hours and labor costs in all private enterprise through the distribution of funds for public employment under conditions which it determines.

8. The State now directly controls labor costs and management efficiency through compulsory collective bargaining by semi-governmental or State supported labor organizations, which have legal power to levy taxes upon workers and employers, to seize the property of employers and deprive workers of employment to compel the payment of these taxes, and to determine the hiring and firing, the price and the productivity of labor.

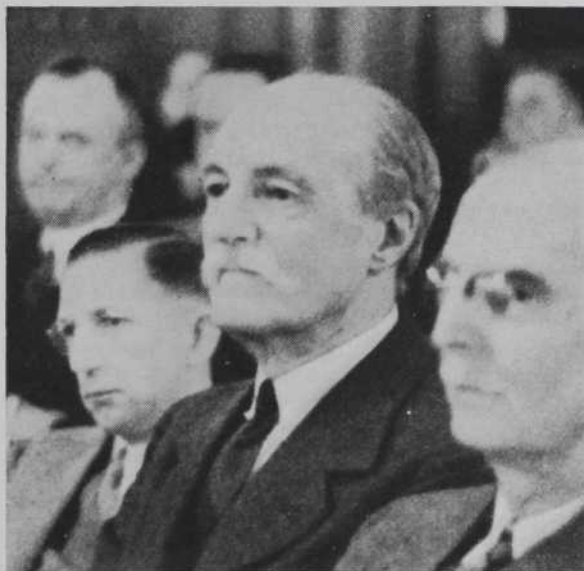
9. In these ways the State not only now controls the cost of production, but it controls the prices and practices and terms of trade in vital channels of distribution of commodities.

10. In addition to control of cost and prices, the State now controls the financial management of corporations and their access to the capital market and to sources of credit.

11. To supplement its control of costs, prices, financial management and borrowing ability of private enterprise, the State has unrestricted power of direct competition with private enterprise and investment. It can compete without limit in the capital market, the commodity market, the electric power market and the labor market.

12. Finally, this machine has an automatic device for creating and supplying credit and capital to operate the business organization when private savings have been dissipated and destroyed, and private capital and credit resources exhausted. The State is now accumulating a gigantic capital fund in its own hands through a system of compulsory saving in the form of taxes on wages and pay rolls.

Through this system of forced saving, the State will be able, not only to make the aged and the unemployed dependent upon it, but also to provide employment compulsory upon worker and employer by acquiring controlling ownership of business concerns, or lending them working capital under specified



Former Governor Pinchot and Herbert Smith (center and right) consider conservation

whole working population of the United States are now under forced labor for the State for more than two months each year. The State now confiscates every year, for the benefit of its employees and dependents, a fifth of everything the American people produce. In addition, it has already taken from them and

conditions regarding wages, salaries, working hours, and management.

These are the principal parts of the governmental machine that has been operating to undermine and destroy the enterprise order.

The operation of this mechanism intended to outwit the facts of life will be slow, silent and unseen. It is skillfully designed, comprehensive in scope, and apparently expresses the desires of the majority for whom it was made and is being run. It is engineered out of error, forged out of falsehood and driven by the power of mass delusion but, for its purpose, I can see no defect in the machine itself, and nothing that is now strong enough to wreck it. If it is driven intelligently and efficiently during the next decade it will gradually grind up the enterprise organization and replace it with a compulsory collective security system under State ownership and control.

The most important thing to remember about this governmental juggernaut is that it is irreversible. Once established it must grind out the grist for which it was made.

And what will this grist be? Will it fulfill the hopes of those who fondly expect the ambrosia of unlimited, universal and effortless prosperity, peace and security; or will it be the bitter dust of disillusionment?

No honest man who has read and

understood the record of present and past experience can doubt the answer. A compulsory collective security system, intelligently constructed and efficiently operated, may assure a bare minimum of uniformly rationed economic security and stability if its subjects are willing to pay the price. That price is growth, progress, freedom and strength of character.

Without individual enterprise—

THE destruction of the enterprise principle will mean a fundamental change in the character of the American people and in their ways of life and work; but it will not alter the inescapable conditions of their prosperity and security. Every man in business management will become a mere office boy of some state bureau, dependent for his job upon political subservience. The burden and penalties of employing anyone will become too heavy to bear. No intelligent citizen will be an employer, saver or investor.

Every one will prefer to be an employee and all will be employees of the State. Every worker will have to pay a tax or tribute for employment and advancement to some legalized labor organization as a political agency of the State. If he does so he will have a right to a job, but he will lose his right to quit.

It will make every farmer a hired man, holding his farm at the will of the State. It will make every one who saves anything an investor in government securities. It will make every one dependent upon the government in his old age and the aged will become the holders of the public debt, living on the young. Every one will live at the expense of every one else. All the profits of enterprise will be taken by the State, but every one will bear its losses. The intelligent, energetic, ambitious and able people will ultimately give up the struggle of bearing the burden of the wastes of the State, and supporting the underprivileged.

The case is not hopeless, but the challenge is inescapable, and the responsibility is yours. Only through honest, enlightened, unselfish and fearless leadership from some source as yet unseen, which will inspire a drastic spiritual purge, a violent moral revulsion against delusion and deceit, among the American people can they escape the fate that awaits them at the end of that road. Only by fearlessly reaffirming the facts and obligations of life and work, and embracing the enterprise principle and its responsibilities can they find the prosperity, peace and progress they seek at that delusive rendezvous with destiny which their political leaders have set for them.

Current Insurance Problems

THE INSURANCE round-table conference was attended by leaders in the insurance business from all sections. All branches of the insurance business were represented, as well as policyholders and government officials. John C. Harding, Vice President, Springfield Fire & Marine Insurance Company, and Chairman of the Chamber's Insurance Committee, presided.

O. J. Arnold, President of the Northwestern National Insurance Company of Minneapolis, speaking on "Investment Trends of Life Insurance Companies," discussed the importance of life insurance funds to the economic structure of the nation.

At the end of 1935, he said, 64,000,000 policyholders, through life insurance companies, owned 26.6 per cent of all the long term indebtedness of the railroads outstanding in the hands of the public and 18.2 per cent of the debt of the public utilities. At the end of 1934 they also owned 17.2 per cent of all the non-farm mortgages which were held directly by the

lenders and 16.6 per cent of the entire farm mortgage indebtedness in the United States.

Later figures, though not available, would probably show a considerable decline since 1934 in the percentage of the real estate mortgage debt owned by life insurance companies. Estimates are that the life insurance companies hold no more than 12 per cent of the farm mortgage indebtedness at present.

Mr. Arnold also discussed the principles of selection which the life insurance companies follow in making their investments and explained the life insurance viewpoint of such investment matters as amortization, income, liquidity and diversification. He sounded a note of caution regarding Government activities in the investment field which tended to limit the opportunities of private lenders to make sound investments.

John C. Blackall, Insurance Commissioner of Connecticut, discussed "Increasing Uniformity in State Supervision and Regulation of Insur-

ance." He told what Insurance Commissioners already have accomplished toward uniformity and took up certain problems where uniform action by the states is needed. He said there was definite need for a clarification of the tax situation as affecting authorized carriers.

P. D. Betterley, Assistant Treasurer, Graton & Knight Company, discussing "Recent Developments in Workmen's Compensation Legislation and Their Practical Effects," summarized legislation in this field and referred to the major development in the interpretation of the Acts to include occupational disease disability.

Speaking as an insurance buyer, he said the practical effect of many of the developments in the workmen's compensation field has been to increase the cost to a point of economic repression—and in some instances to create a labor problem. Among other things, he discussed the problem of rejected risks and retrospective rating.

To Promote the General Welfare

By WALTER J. KOHLER

President, Kohler Company



Walter J. Kohler

THE Constitution of Wisconsin recommends, as a means of preserving free government, "a frequent recurrence to fundamental principles."

In this sensible spirit, let us review the six purposes, familiar though they are, for which the United States Constitution is declared in the Preamble to have been ordained and established:

To form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and insure the blessings of liberty to ourselves and our posterity.

These are not alternatives; they are coordinates.

The farseeing founders of this government were aware that the general welfare demanded faithful preservation of each of the other five principles; and preeminently, of that liberty for which they had so recently pledged their lives, their fortunes and their sacred honor.

It is certain they would not have considered that the general welfare would be promoted, for example, by jeopardizing domestic tranquillity through refusal to enforce the law, or by breaking down Constitutional safeguards of justice and guarantees of liberty in a drive toward centralized government.

Were they now to visit this land, they would find that the effectiveness of the Constitutional protection has been impaired or perhaps destroyed without amending the Constitution and that it is now proposed to carry further toward centralization and unchecked power.

The justification pleaded for this imperiling of the people's liberties is "the general welfare." That can be a good plea only if "welfare" means something very different to this generation than it meant to the forefathers.

To them, as to a large part of the American people today, "the general welfare" meant "life, liberty, and the

pursuit of happiness." It meant an obligation of government to protect against abuses of private power; it meant constitutional restraints against abuses of public power; and it meant an obligation of the normally capable individual to rely upon his own industry, thrift and intelligence.

Latterly the word "welfare" has been given a flavor of paternalism and of shifting to the state the responsibility for the economic well-being of the individual.

What this course means

IF government is to have this responsibility, it must, of course, have all the power necessary for its discharge. Correspondingly, individual liberty and freedom of enterprise must be abridged.

Perhaps the American people want that; perhaps not. That should be for them to decide. But there is a question whether they are not getting it without deciding at all, or more than dimly realizing what is happening.

Long steps have been taken, and longer ones are being urged, to build up a system of centralized control of credit, electrical power, transportation, communication, agricultural and industrial production, prices, and

other great areas of our economic life. Government ownership and operation of manifold projects competing with private enterprise have grown enormously.

Freedom of enterprise and personal freedom are but expressions of the same thing. Likewise, government economic dictation and destruction of civil liberties invariably and necessarily go together.

Again, on the economic side, the record shows that marked progress in productive efficiency, relative plenty, and wide distribution of the fruits of man's labor, ingenuity and thrift

occur only where enterprise is free.

The charge is made, however, that a multitude of wrongs have occurred in the business world and that adequate protection frequently is not afforded against abuses of power. No thoughtful man can either deny that there are abuses or look upon them complacently.

But free enterprise does not mean lawless enterprise. It does not give sanction to monopoly or any privilege of defrauding or otherwise victimizing the people. It does not mean any right to destroy others' rights. It does mean that rights of contract, of property ownership, and civil liberties should be respected by government and protected against invasion.

The surest way to preserve our economic system is to make it worth preserving for all Americans. This imposes duties, both upon business and upon government. The first reliance in purging the business world of evils should be the fact that the vast majority of business men want to do what is right.

This better element must be actively interested in keeping business in good repute.

Industry and business involve four interests:

1. The public which should receive an adequate supply of satisfactory goods

at reasonable prices, and, failing that, will restrict its purchases. Government itself cannot prevent a buyers' strike.

2. The workers, who should have good working conditions, reasonable hours, and good wages, and whose best interests require one other thing of which we hear comparatively little in all the talk about industrial relations problems—continuity of work with regular income.

3. The investors, who must receive some return to warrant their supplying out of their savings the capital which makes modern industry possible.

4. Management, which is held responsible for the successful direction of enterprise.

Each of these groups has an interest in the progress and success of industry and should receive its fair share of benefit from that success.

While business itself can do something to lessen bad economic practices by its unenlightened or conscienceless minority, business has little power to compel or punish.

It belongs to government to deal with conduct that infringes law.

If government has not sufficient power to deal with abuses in private enterprise, proper Constitutional amendments should be adopted to

bring about adequate policing. That is for the general welfare. But government dictation of the economic life of the people is *not* for the general welfare.

Some people assert that, irrespective of intentional wrong-doing, our economy is chaotic, that it gets out of balance, that there is no security under it, and that, therefore, it must be subjected to government "economic planning."

Some one must issue orders

A "PLANNED economy" necessitates a government of men. It could not possibly work otherwise; it never has, and does not today in those lands where, in one form or another, it is being tried. Business and productive functions cannot be prescribed by law. Somebody must issue orders.

It is doubtful if there are many abuses or anti-social practices which government could not deal with adequately and successfully within present Constitutional limitations; and, so far as it may be needed, the power of amendment exists unimpaired.

There are many activities for government in fields where private enterprise can do little or nothing—in public health, public works, conservation, and many others.

There is even a sort of paternalism which is proper for government, in extending necessary help to persons who, at various times and from various causes, are at the mercy of misfortunes they cannot deal with.

But the finest kind of help is to make it possible for people to help themselves; and there are many today, in need of a lift, who should later on resume a state of independence.

If we do not follow this plan, whence is help eventually to come? This country cannot afford a decay of self-reliance. The final result of that must be to make the supposed beneficiaries in reality victims. A strong nation cannot be built up of flabby individuals.

It is said that our government must meet human needs. The great human need, however, except as regards the small minority of perpetually dependents, is to clear the way so that they can help themselves.

Relations with Employees

PROMPT revision of the Wagner Labor Relations Act to provide proper safeguards, not only for all employees, but employers and the public as well, was advocated by the round table session on management relations with employees. A resolution calling upon the Board of Directors of the National Chamber immediately to propose suitable amendments for this purpose, and also an amendment to make labor organizations responsible for their acts were unanimously passed upon the motion of Harvey D. Ellerd, Personnel Director, Armour and Company, Chicago.

Stressing the present one-sided application of the Labor Relations Act, James W. Hook, President, Geometric Tool Company, New Haven, declared that the Act assumes "the employer in every case is not only as strong and able a bargainer as the majority of his employees, but also, as his employees and the federal Government combined."

The Government itself has failed to perform its proper function in labor controversies, declared B. C. Heacock, President, Caterpillar Tractor Company, Peoria, Ill., with the result that virtual anarchy prevails when strikes are called.

Questioned as to the right of an employer to discharge an employee

participating in a sit-down strike, John D. Black, Chicago attorney, expressed the view that neither the Labor Relations Act nor any other statute requires an employer to keep a law breaker on the pay roll and that any participant in a sit-down strike is clearly a law breaker.

Maintaining harmony

SPIRITED differences in opinion developed among the conferees as to the proper rôle of business and government in maintaining harmonious labor relationships. Eric A. Johnston, President, Brown-Johnston Company, Spokane, in opening the conference, asserted that business must develop new techniques in labor relations and must abandon all labor policies that are "uneconomic, wasteful, and intolerable."

He stressed the ability of management to solve new labor problems that have arisen. All that is needed, he said, is that business approach labor matters with the same energy and talent that it has devoted to giving the public the highest standards of living ever known.

The fact that the Wagner Act has been declared valid, Mr. Black stated, makes it the duty of every employer, regardless of his own best interests,

to determine whether or not he comes within its provisions. *The law does not apply to all employers.*

Discussing specific rights and obligations of employers set forth in the Supreme Court decisions, Mr. Black said:

The Act does not compel an employer to make an agreement with his employees. It does provide that in "bargaining," an employer subject to the Act, in dealing with the employees in a "unit," must bargain with the representatives of the majority of such "unit." But it does not prevent the employer from refusing to make a collective contract and hiring individuals on whatever terms he may determine.

Further, it does not interfere with the normal exercise of the employer's right to select his employees or to discharge them. He may not, under cover of that right, intimidate or coerce his employees with respect to their self-organization and representation; and (the Supreme Court says) "on the other hand, the Board is not entitled to make its authority a pretext for interference with the right of discharge when the right is exercised for other reasons than such intimidation and coercion."

An employer may not interfere with, restrain or coerce employees in the right of self-organization or forming, joining or assisting labor organizations for collective bargaining; and he may not dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it. This does not prohibit or prevent an employer from conferring with or dealing with any individual or any

group of employees who may present grievances to him.

Suggesting proper procedures for employers who might be subject to the Act, Mr. Black concluded:

To preserve his rights, an employer must, first, determine whether the Wagner Act applies to his business; second, if it does apply to him, to inform himself as to its provisions and his rights under it; third, if a complaint is made against him before the Labor Board, he should make a vigorous and complete defense, bearing in mind that he is presenting his evidence to a tribunal not controlled by "the rules of evidence prevailing in courts of law or equity," and fourth, to raise the question of his constitutional guarantees, so that if presented to an unbiased court, it will protect him against injustice in the application of laws which have been placed on the books by his duly elected representatives in Congress.

Mr. Hook outlined specific steps that management may take to mitigate labor unrest:

There are many things which the employer can do to remove the underlying causes of labor difficulties. The first is to keep in touch with the trends in em-



James W. Hook (left) and John D. Black discuss labor laws

Collective Bargaining Technique

A NEW TECHNIQUE for conducting collective bargaining conferences was used by the management of the Caterpillar Tractor Company in recent negotiations with the C.I.O. To those who attended the conference on labor relations, B. C. Heacock, company president, summarized the management's policy as follows:

1. It is essential that all employees be given a square deal; that wholesome working conditions be maintained; and that terms of employment be the best that can be supported without detriment to the consumer.
2. Prevailing personnel policies and practices should be formulated in writing in an "employment creed," and this should be posted in the plant.
3. Management should agree to meet immediately with any and all representatives designated by any groups of employees.
4. Negotiations with representatives of employees should be conducted openly—when spokesmen for a labor organization representing some of the employees demand a conference, representatives of other organizations and unorganized employees, and the press should sit in on the negotiations.
5. Stenographic transcripts of the proceedings should be made available to all employees, to their families, and to the public.
6. When accredited representatives of employees seek an agreement with the management, such agreement should embody such policies and practices as the management can undertake to adhere to and should constitute a unilateral agreement with employees and their representatives, whoever they may be.

These principles were followed by the Caterpillar Tractor Company management in three conferences with spokesmen for a local unit of the C.I.O. representing some of their employees in March and April of this year. Approximately 100 "Caterpillar" employees, representing all departments, attended by invitation of the management. Among them were some members and officers of A. F. of L. unions. A stenographic transcript of the conference was distributed to all employees.

employee policies that are developing about him. One of these trends, obviously, is the shorter week. Any plant that is not truly trying to bring its work week down to approximately 40 hours is storing up trouble for itself.

Another trend is the demand by employees for ways to reach their employers, without prejudice, when they have a grievance. The employer who looks

upon a complaint as a nuisance or a personal affront is not helping to make labor problems less acute. In my experience, about 95 per cent of employees' complaints can be ironed out almost instantly once they are brought to the attention of the employer. The difficulty lies in getting the complaint up front.

Discussing recent trends in work-



PHOTOS BY LOHR

B. C. Heacock offered a new technique in meeting employees

ing conditions, Mr. Heacock reviewed recent enactments to regulate hours of work and minimum wages, thereby lessening the opportunity for negotiation between employer and employee. There is no standard pattern for terms of employment, he said, and there need not be as "the important thing is that the job be well done by the agency to which society has assigned it. If either industry or government fails to perform well the services assigned to it—if society does not make a wise assignment of the functions—then society will pay for its own lack of wisdom."

The public must pay the cost of all improvements in working conditions that it demands, Mr. Heacock said:

Any employer who tries to force onto the customer a socially or economically unfair wage cost is bound to have a buyers' strike, from which owner and worker alike will suffer. Employers cannot disburse more in the form of pay for labor than their customers, the purchasers of their products, are willing that they shall pay.

The cost of a thing is inseparable from

the thing and supply and demand establish the price the public will pay. So as I see it, it is stupid to say that labor is or ought to be or can be free from price fluctuation.

The failure of Congress to define "collective bargaining" in drafting the Labor Relations Act, Mr. Heacock indicated, has produced much un-

certainty and much controversy. However earnestly and honestly employers try to engage in collective bargaining, he pointed out, it is difficult to know whether the terms of the statute have been observed. Accordingly, he said, management should begin "by recognizing the law

hasn't given workmen anything that they haven't had a right to for a long time."

"Any industry that gives a man a square deal can get out of labor trouble in a hurry. Right treatment of employees goes a long way toward ending labor controversy."

National Conservation Policies

THE rebirth of interest in Conservation was critically and philosophically analyzed at the Natural Resources Round Table. J. F. Owens, of the Oklahoma Gas and Electric Company presided.

The program included speeches by C. W. Kellogg, President of the Edison Electric Institute; Dr. John C. Merriam, President, Carnegie Institute of Washington; and Royal S. Copeland, United States Senator from New York.

Mr. Kellogg, expressing the viewpoint of private utilities respecting government development of water power, declared that this recently inaugurated federal practice should be "factual and honest." Discussing the historical record of private electric utilities, "from a mere novelty so risky that only private capital could be induced to undertake it" to its present proportions providing 94 per cent of the electric utilities supply of the country, he pointed out that, through all this period, no power shortage had occurred. The industry had always anticipated the country's needs for power before they arrived.

Analyzing the Tennessee Valley Authority, Mr. Kellogg showed that power costs due to investments "over and above what would be required for complete navigation development" were two and a half times the cost of the same energy "manufactured in a modern steam plant." In conclusion, he offered this program:

1. The sole right to decide when and where to expend public money for improvement of navigation rests with Congress.

2. Where by-product hydro-electric power might be developed, the feasibility of navigation and irrigation should first be determined.

3. The additional cost for by-product power should be reported separately, including the extent, if any, to

which such power development will militate against the primary governmental purpose.

4. This by-product power report should indicate the net investment chargeable to electric power and the amount of primary power available from the project.

5. The sale of by-product power should be at rates fixed by the Federal Power Commission on such basis as will return the Government's power investment at the end of 30 to 50 years, cover operating and maintenance costs, interest and such local and state taxes as are properly chargeable against the project.

Defending conservation

IN taking up conservation in its broader and more philosophical aspects, Dr. Merriam stressed the difficulties arising from the lack of agreement as to what conservation means. It may and frequently does relate only to "immediate needs," or it may reflect only situations "made evident by unfortunate consequences of an unwisely used past." Again, it frequently relates to "natural resources as contrasted with the conservation of life, health, educational opportunity, ideals and a vast number of other

things, which are at least as important as natural resources."

He stressed the point that conservation has to do with the future, and that it involves planning and requires "deep and wide vision" over many factors. True conservation can be had only through research, education and cooperation among the many types of agencies.

Dr. Merriam referred to the recent stimulus to interest in conservation given by recommendations of the President's Committee on Reorganization, which proposed a new Department of Conservation. The most fruitful result of this, he pointed out, has been that it stimulated discussion.

Ex-Governor Pinchot, speaking at the request of Mr. Owens, struck at the heart of this new department issue—the transfer of the Forest Service from Agriculture to such a department. He vigorously opposed such a transfer.

Senator Copeland pointed out that Congress, in 1936, made definite provision not only for a nation-wide flood control but had also provided appropriations so that construction work could have started on many needed projects. The money was not actually available because the flood control measure was signed after Congress had adjourned.

Senator Copeland outlined the 1936 flood control policy, defended the Corps of Engineers as the logical planning and construction agency for flood control, and opposed pending Authority proposals. He was emphatic in the need for a continuing program, on the broad basis outlined in the present policy, and stressed the need of a fact-finding and planning agency in the federal Government, such as we now have in the Natural Resources Committee.



Mr. Eccles responds to his introduction at the annual dinner. Secretary of Labor Perkins listens

Labor Relations in Industry

By EDWARD F. McGRADY

Assistant Secretary of Labor

WE DO not know, as yet, the full intendment of the Supreme Court decision on the Wagner Labor Act. But it is not easy to doubt that they have given us a completely new basis for the relationship between labor and management under supervision of government.

Labor is principally interested in two aspects of this problem.

First, it regards the right of collective bargaining through representatives of its own choosing independent of employer influence as absolutely necessary in this modern age.

Second, it believes that there should be some floor under labor relations which will protect labor against sudden and destructive downswings in wages and lengthening of hours. These two aims seem now within the range of accomplishment.

Labor believes that collective bargaining is necessary because it thinks that, under modern conditions in industry, there must be either collective bargaining or no bargaining at all.

The old era, in which every employer was in personal contact with his workers and actually did bargain with them is gone. The owners of these great corporate units—the stockholders—have no contact with their workers. Since the managements are representatives chosen freely by the stockholders, we do have, on the employer's side, collective bargaining conducted by representatives of the employer's own choosing. Common sense would seem to say that, if there is to be any mutuality in this relationship, labor also must bargain through its own chosen representatives.

As long as the so-called representatives of labor, for the purpose of collective bargaining, also maintain the relations of employee to the employer, labor cannot expect to be represented fearlessly. Fear of the boss and apprehension of the job ruin true representation.

As conditions have stood since the Schecter case, I don't blame any employer for uncertainty as to what his



Edward F. McGrady

duty under the law might be, or as to what attitude he should take on this vexed question.

But we are no longer under the shadow of that doubt. It is now clear at least that employees of a company, in circumstances where their labor relations within one state "affect or concern" other states, *do* have the right of collective bargaining and of independent representation, and that the federal Government is empowered to enforce that right.

On that assumption, I beg to discuss this subject.

We are all partners

WE are all industrialists—labor as well as management. It is nonsense to suppose that labor has not as much interest in the success of our joint enterprise in these great corporations as have the management, the directorate, or the stockholders. The task for us who are partners in this economic adventure is to sit down together across the table, to look the circumstances in the face in common council, with proper restraints and unflinching courtesy, to work out an adaptation and a solution which, while rendering the greatest possible

benefit to each, will do the least possible harm to any.

That can be done.

As a starter, let me say frankly that I know many of you gentlemen believe that the Wagner Labor Act is unfair to industry because, while it creates duties and obligations, it creates no rights for management; and while it creates so many rights, it seems to create no duties and obligations for labor.

Let us not forget that, when the Wagner Act was written, the attitude of at least some managements seemed to be that, while labor had plenty of duties and managements plenty of rights, the reverse of that did not exist. In other words, the Wagner Act invaded a field

so one-sided in its practical application that its principal concern was to strike a new balance and rectify a condition unfair on the other side. Perhaps this whole background has now been changed, but in these fundamental changes we must remember that Rome wasn't built in a day.

There has been no real experience with the Wagner Act and that was not the fault of labor. It was the fault of some of management and the lower courts. The ink on that law was scarcely dry before the National Labor Relations Board was paralyzed by injunction on practically every front. It remained paralyzed until the Supreme Court handed down its recent decision. Let's get a little experience with the new dispensation before we begin to write new laws.

The essence of successful labor relations is an unvarying respect for the sanctity of contracts. Labor knows that it can expect no countenance in public opinion unless it respects its contracts, and it knows further that, without the respect of public opinion, it cannot live.

Before management decides to demand the incorporation of labor units, and statutory fixation of pains and penalties, it might be well to ex-

amine the record of labor relations in, for example, the Bituminous Coal Industry, the Garment Industry and the Printing Trades. You will find there stability, respect for contracts and comparative peace.

It happens now that labor is rent by fratricidal strife, but if you will examine the records of the principal leaders on both sides you will find an invariable adherence to the pledged word.

When new unions are formed so rapidly as in the past few months, it is inevitable that new and inexperienced leaders will permit themselves hasty action.

I do not condone any irresponsibility by labor, but I do not jump to the immediate conclusion that some new statutory action is the way to complete responsibility.

I can assure you that labor approaches its new power with a due sense of its obligations. Labor does not seek trouble. You won't get arbi-

trary attitudes, unreasonableness, violence or hostility from labor, except in the measure that you mete it out. These men respect and admire you too much to start in that atmosphere and frame of mind.

The principal trouble is that you don't know each other well enough.

Contact, fellowship, the opportunity to learn and weigh and appraise the other fellow's problems is the way to solve these difficulties.

If in the new relationship, we can work out some closer, warmer, more intimate contacts through this system of representation and collective bargaining, many of the causes of friction, hostility and uncertainty can be stopped in their inception and the way is open to more peaceful days.

That can't be done by labor alone. It can't be done by management alone. It can be done only by the closest possible relationship accompanied by the utmost frankness from the top to the bottom.

I know that some of you approach this change with apprehension, but my studies and experience indicate a result which, I think, you will one day live to bless.

Advantages to both labor and management from this new partnership will prove so great that in its own protection the public also, through government, will some day have to have a seat at this partnership table—not to dictate, not to prohibit reasonable profit and improved labor conditions, but to protect the public from too great a use of the tremendous power of the new partnership.

This march of labor to its minimum necessary objectives is the sweep of a great popular movement that covers the earth. It can't be stopped, but you can guide it, accommodate it to your needs and profit by it. My word to you is to use it and make it successful.

Then all of us, industry, labor and the general public, will profit.

Nacos Considers Social Benefits



Roland B. Woodward introduces Sir Willmott Lewis (left) at the NACOS dinner. Cristy Mead, beyond Mr. Woodward, applauds

TUESDAY night 300 chamber of commerce executives, presidents and guests attended the Midyear Dinner of the National Association of Commercial Organization Secretaries. Sir Willmott Lewis, Washington correspondent for the *London Times*, was the principal speaker, his subject being "An International Viewpoint on American Problems."

Sir Willmott's discussion, however,

was by no means limited to the problems of America. Rather, he discussed world developments, particularly since the so-called industrial revolution, and analyzed the economic causes and social effects of the trend toward a regulated economy. Asserting that the institution of private property was the basis of liberty under democratic governments, he nevertheless emphasized the belief that

there is more than one kind of private property, and that laborers have a property right in their job.

It was his contention that proposals to regulate business and industry by government in the interest of wider social benefits were not in themselves a dangerous manifestation. He held, on the contrary, that they were signs of progress and a guarantee of the stability of private property.

Harper Sibley, President of the National Chamber, spoke briefly, reviewing his own quarter century of experience in chamber of commerce work, which began with the vice presidency of the Rochester, N. Y., Chamber. Al Reeves, vice president-general manager of the Automobile Manufacturers Association, brought greetings from the American Trade Association Executives, who were in session elsewhere at the same hour.

Cristy Mead, Secretary of the New York Merchants' Association, and President of the Board of Governors of the National Institute, spoke about the program of the National Institute for 1937. M. D. Liming, Secretary of the Boston Chamber, outlined the program for the NACOS convention this fall.

Roland B. Woodward, Executive Vice President of the Rochester, N.Y., Chamber, and President of NACOS, acted as toastmaster. The dinner was arranged by a committee headed by Daniel N. Casey, Secretary of the Harrisburg, Pa., Chamber.

A Labor Relations Program

By P. W. LITCHFIELD

President, Goodyear Tire and Rubber Company

I AM not a "Captain of Industry" because I did not found and do not own financial control of the business with which I am associated. Rather, I might be called a Lieutenant of Industry whose responsibility it has been to coordinate the abilities of workmen with the resources of the stockholders in the interest of improved product and service to the consumer.

Reviewing the growth of our industrial system, we find that, in the early days, most of our people lived pretty much on their own.

Mass production came into being and justified itself because it was a means of producing more efficiently, giving greater value to the consumer, and increasing markets and advancing standards of living.

But these advances were not without their price. In the small unit the employer knew his individual workmen by name. The workers in turn were closely associated with their employer.

As industry grew, however, and this close personal relationship became more difficult to maintain, misunderstanding, distrust and suspicion grew up.

There are current national dangers, but none which will not respond to intelligence, fairness and honesty of purpose, and it would seem that the time has come when we must return to reason and calm.

How can we best obtain the settlement of industrial disputes before passions rise and tempers become frayed?

Let us consider what has been done in some other countries. Great Britain especially affords a basis for the hope that satisfactory ways to compose differences may be found. In Great Britain, with the greater degree of authority and prestige that trade unions have obtained has also come a widespread recognition of their attendant responsibilities and obligations.



P. W. Litchfield

Since 1871 British trade unions have been encouraged to register with the Registrar of Friendly Societies and thereby to gain certain privileges and public good will. Every registered trade union must file a public report annually showing its receipts, expenditures and political contributions.

The British method

WHEN industrial disputes arise in Great Britain, there are two methods by which they may be handled; through the machinery set up in the various industry-wide agreements between employers and workers, or under the provisions of the Conciliation Act of 1896 and the Industrial Courts Act of 1919. It is true that the right to strike is nowhere impaired except in connection with essential governmental services, but the presence of these media for handling disputes has made resort to strikes more and more infrequent.

One important principle generally followed is that work must not be interrupted while the dispute is being considered and settled.

If the parties to a dispute are unable to agree, the Industrial Courts

Act allows either of them to report the circumstances to the Minister of Labor, who may then, subject to the consent of both disputants, refer the problem to the Industrial Court, to a single arbitrator, or to a board of arbitration.

The Industrial Court is a standing body including representatives of employers, employees and neutrals appointed by the Minister of Labor. Although its decisions are not enforceable at law except when embodied in a formal contract, the Court has achieved considerable success in handling disputes. Its function is somewhat that of a balance-wheel.

In Canada an Industrial Disputes Investigation Act, enacted in 1907, has continued in

force with various modifications and amendments. This legislation provides for a "waiting period" when no strike or lockout may take place in mining or the public utility industries until a government-appointed board has investigated the dispute and reported its findings. Disputes in other industries may be handled the same way, by appointment of a board of investigation, where both parties agree to adopt this procedure.

No change in hours, wages, or other terms of employment proposed by employers or employees in any industry covered by the Act may be put into effect until 30 days after notice of the change has been given. Then, if opposition arises, the change cannot be effected until a board of investigation has attempted to settle the dispute through conciliation, and, failing this, made public its report.

While the Act provides penalties for illegal strikes and lockouts and the boards of investigation have the right to subpoena witnesses, command records, and require the giving of evidence, chief emphasis in the administration of the Canadian Act has been upon conciliation and the amicable settlement of disputes. The boards of investigation have made it

a practice not to invoke the punitive provisions of the law and hearings are usually informal and voluntary.

Australia has gone much further than England or Canada in resorting to government intervention to prevent strikes and lockouts and to settle labor disputes. As early as 1901, New South Wales, one of the Australian states, provided for compulsory arbitration. With the passage of the Commonwealth Act in 1904 and similar legislation by various states, compul-

reasonable effort to make and maintain agreements concerning rates of pay, rules and working conditions and to settle all disputes . . . in order to avoid any interruption to commerce."

It is expected that such disputes will be settled in most instances in regular conferences between representatives of management and labor. Where there is some question as to just who are the authorized representatives of the employees, the National

there is inevitably a heavy pressure upon parties, unable to make an agreement and to settle disputes, to submit their differences to impartial arbitration."

Even granting this pressure from the public, there are certain to be situations where mediation fails and either or both parties refuse to consent to arbitration. Under those circumstances the President, on recommendation of the National Mediation Board, can appoint a special fact-finding board to study the dispute and report its conclusions.

The Railway Labor Act does not restrict the right to strike, but it does recognize the fact that any strike on the railroads must interfere with interstate commerce and the movement of the mails. The law, therefore, provides that where no settlement has been reached and a fact-finding committee has been appointed neither management nor labor, except by mutual agreement, can change for a period of 60 days the conditions out of which the dispute arose. Above all else the Railway Labor Act rests on the premise that the public interest is superior to that of either management or labor.

Fair and equitable representation for all component parts of the state is the essence of democracy in government. Carry that fundamental into business and it insures fair consideration for the three basic elements of business—the workers, the stockholders, and the consumers.



Secretary of Commerce Roper, Thomas J. Watson and John Foster Dulles (left to right) hold a brief consultation

sory arbitration had been adopted throughout the country, except in Victoria and Tasmania, by 1912.

Since then strikes and lockouts have been illegal throughout Australia, except in Victoria and Tasmania. Although penalties are provided for infractions of the law, the Commonwealth Court of Arbitration, which is charged with the duty of enforcement, has not taken the necessary steps to allow prosecution of labor unions which have gone on strike in disregard of their obligations. The same practice has generally been followed by the courts created to handle local disputes. To this extent the administration of the law has favored the workers and trade unions.

No careful survey of the problems of industrial relations and machinery for their settlement would be complete without consideration of the Railway Labor Act in our own country. This legislation was enacted in 1926 and amended in 1934.

Under the terms of the Railway Labor Act, both employers and employees are obligated "to exert every

Mediation Board, an agency created by the Act, may hold elections.

Once the representatives of the employees have been determined, and joint conferences between employer and employees have been established, it has been found that a great majority of labor disputes can be settled without undue difficulty.

When it proves impossible for both sides to agree as to the terms of employment, the law provides for mediation by the National Mediation Board either at the request of one of the parties or on the Board's own initiative. Although its efforts are limited to mediation and it has no power of compulsion, the Board, representing the public interest, is able to wield considerable influence in bringing the disputants to the point where they can reach an agreement.

In those instances in which the Board fails to bring the parties together, it is required to propose voluntary arbitration. "There is no compulsion upon the parties to accept," Mr. Donald Richberg has stated. "But

A job for management

WITH any deviation from such a concept of equity, we find ourselves in the realm of autocracy where a dominating group gains disproportionately through the exploitation of the remaining groups. It would seem to me, therefore, that management should strive for the establishment of a democratic basis of operations. Management's success in this may well determine the future course of our nation, because it does not seem likely that democracy could endure in government should any form of despotism prevail in business.

And so I counsel moderation on the part of labor in its new-found strength, and moderation on the part of capital in the exercise of its property rights.

Peace and progress depend upon those who put service before selfishness. Both employers and employees should realize that service to the public must be the controlling objective of industry.

In the first place there must be an end to direct action and the illegal use of force.

On the other hand, we must recog-

nize labor's right to bargain collectively for satisfactory working conditions and fair rewards for services.

We must recognize and defend also labor's right to strike, although due account should be taken of the rights of others and the interests of the public welfare.

It is not for us here today to work out the details of any program for establishing and maintaining industrial peace. What we can do is to set out certain principles which can form the basis of a national policy.

I would like to suggest the basis of what I consider a workable plan to be:

1. *Law and Order.* It is futile to attempt to set up any industrial relations program unless and until all of those concerned—labor, management, the public authorities, and the public itself—respect the law and act accordingly.

2. *Responsibility.* Labor leaders who have accomplished most for labor in this country have been those who have regarded their engagements with management with the same sense of responsibility that honorable people have towards private contracts.

3. *Understanding.* It is up to labor and management to see to it that the re-

spective contributions of labor and capital and management to a business are understood and recognized. Business cannot exist without labor, labor cannot have jobs without business. It is the duty of management to organize and coordinate the reciprocal services which both capital and labor contribute to business enterprise.

4. *Mediation.* Where thousands of men are engaged in industrial operations, differences of opinion are inevitable. What we need is a disposition on the part of industry and labor to see the other fellow's point of view, to welcome the services of competent, impartial mediators. There is an opportunity here for government to perform an important function in industrial relations. In this sense there is need for an approach to this problem on the part of government in a wholly unbiased frame of mind, with the public interest as the paramount consideration and not the cause of either party to a dispute as the determining factor. I think we have to revise somewhat the traditional governmental attitude and machinery in mediating labor disputes. Mediation, in my judgment, calls for the highest type of unbiased and public-spirited service.

5. *Fact Finding.* People in this country can be trusted to arrive at sound conclusions when they know the facts. In setting up some such plan as we are considering, it must be recognized that mediation and conciliation will not always succeed. There is experience, how-

ever, which justifies our belief in the ability of properly constituted authorities to establish the facts concerning a particular controversy. Let us have an arrangement whereby a fact-finding agency may be called into a dispute, be competent to arrive at the facts, be impartial in presenting those facts to the public, and then let us have what I would call a cooling-off period, during which the public can make up its mind and the disputing parties can perhaps gain a calmer view of their difficulties.

These simple principles, it seems to me, are thoroughly practicable. I believe that with such a statesman-like approach to industrial relations, much of our difficulty will disappear.

Notwithstanding the difficulties of the times through which we have been passing, I look for good to come out of it all. I think today we are on the way to a clearer understanding than ever before of what is necessary to bring about industrial peace. That desired end, however, will not be achieved unless those who are responsible for the livelihood of thousands of employees are willing to cooperate among ourselves and with the Government first, in devising a workable plan and, second, in putting it into effect.

Current Issues in Agriculture

THREE current agricultural problems—tenancy, crop insurance, and production control—were discussed from various angles at the Agricultural Round Table Conference.

Discussing crop control, Dr. H. R. Tolley, Administrator of the Agricultural Adjustment Administration, took the position that this is likely to be only one means of attaining agricultural and business stability. He said:

We have been hearing a great deal lately about progress toward a balanced national budget. To achieve and maintain a balanced national budget, however, it is essential that the budgets of individuals and corporations be in good working order. This means farmers' and workers' incomes must be maintained and agricultural and non-agricultural prices kept in a fairly well balanced relation to each other, in order that agriculture may have its rightful share of the national income.

The present soil conservation program goes part way toward stabilizing agricultural production. This, together with commodity loans and insurance programs, would probably meet all ordinary situations but there should, in addition, be provision for positive commodity control involving possibly the use of the taxing principle as in the old Bankhead Cotton Act.

The best guarantees of national stability are safeguards against another boom. Depression taught that abandonment of any permanent program of agriculture would meet a new train of difficulties. It



Roy M. Green (left) and Manley Stockton give their attention as A. C. Hardison, chairman, opens the agriculture round table

may be wise for the moderate elements of business to support farmers' efforts to work out a national agricultural program. In return for such cooperation, business and labor are sure to share in the benefits of a long-time farm policy

that will moderate extreme swings of price, protect farm income, and safeguard the future food supply.

Chester Gray, Washington representative of the American Farm

Bureau Federation, reviewed the evolution of the national agriculture policy. He viewed the present Soil Conservation Act as constituting a much belated reversal of the policies underlying the Homestead Acts which are fundamentally responsible for the recent dust storms. Mr. Gray believes that the Soil Conservation Act, perhaps modified, will remain a permanent part of the law. It is recognized as not fully adequate to deal with all situations but is worthy as a foundation for future programs.

The big problem, according to Mr. Gray, is the question of voluntary or compulsory participation by farmers in the soil conservation program.

Roy M. Green, of the United States Department of Agriculture, discussed

the proposed experimental crop insurance program.

The federal Government, he said, has distinctive advantages over earlier experimenters in crop insurance because it has more adequate production experience records and more extensive means of contact and supervision over individual farms. Moreover, the proposed plan avoids one of the weaknesses of earlier plans in that it proposes to insure crop yields only and not to insure against price fluctuations.

R. M. Bissell, President of the Hartford Fire Insurance Company, discussing crop insurance from the angle of insurance underwriters, observed:

The striking feature of the program is

the tremendous scope of the undertaking and the vast investment for which protection is needed. Losses may be so great that vast resources and tremendous reserves would be necessary to cover them. It is improbable that private capital would be able or willing to expose itself to such disastrous possibilities as might reasonably be expected if crop insurance is to be granted to the extent and in the manner that have been suggested.

Dr. L. C. Gray, Assistant Administrator of the Resettlement Administration, viewed the tenancy problem as a part of the larger problem of social and economic security for farmers. He regarded the promotion of farm ownership among tenants as only one of a number of possible remedies.

Other specific suggestions he made included legislation enlarging the tenant's privileges with reference to renewal of the contract and compensation for improvements made at the tenant's expense. On the other hand, greater protection should be provided for the landlord against negligence and waste on the part of the tenant.

The tenancy problem

DR. H. C. M. CASE, of the Illinois College of Agriculture, predicated his discussion on the idea that tenancy serves a useful economic and social purpose in the corn belt:

In many instances combined capital, experience and information of the landlord and tenant result in success where neither would be able to handle the enterprise alone.

The fundamental factors tending to aggravate the tenancy situation, he said, are, first, land prices, and second, the instability of prices of the things the farmer sells and buys. Improvement involves both education and legislation, the former being more important at present.

Dr. Case emphasized the necessity of recognizing certain fundamental factors in any effort to improve conditions of tenants: First, there is no substitute for good farming. Second, a tenant on a proper sized farm has a greater opportunity for success than he would have as an owner of an uneconomic sized unit. Third, heavily mortgaged farms are frequently characterized by low living standards, inferior organization and often follow production practices resulting in soil deterioration. Fourth, farm owners are seldom successful unless a considerable equity is paid outright when purchased.

In general, Dr. Case believes that land prices are rapidly coming to a point in the good land areas where they would jeopardize any wholesale attempt to help tenants become land owners on a business basis.



Mayor Wilson, Philadelphia, receives the fire award plaque from Mr. Evans

Conquering Fire Loss

THE winners in the 1936 Inter-Chamber Fire Waste Contest were presented with awards in the form of bronze plaques at a special session. Vice President Joseph W. Evans, in presenting the awards, called attention to the remarkable accomplishments of the participating cities. He brought out the fact that the Contest had been of help in a financial way to the contestants. In 1923, when the Contest was started, the *per capita* fire loss of the participating cities was \$2.63 as compared with \$1.40 for 1936, a reduction of 47 per cent. In a 14 year period the average annual *per capita* loss of all cities engaging in the Contest has been \$2.34 against an average for the whole country of \$3.56.

The grand award was won by Philadelphia. Other winners in their population classes follow:

- Class II—cities from 250,000 to 500,000—Providence, R. I.
- Class III—cities from 100,000 to 250,000—Hartford, Conn.
- Class IV—cities from 50,000 to 100,000—Lakewood, Ohio
- Class V—cities from 20,000 to 50,000—Parkersburg, W. Va.
- Class VI—cities under 20,000—Lafayette, La.

Farm Tenancy in the United States

By CARL E. BAILEY

Governor of Arkansas

I AM not committed to any such fallacy as that farm tenancy is a *relationship* which should be entirely abolished. As a matter of fact it is impossible to achieve a condition under which every tiller of the soil will be capable of farm ownership and management. Farm tenancy is a *condition* which can be and must be improved if our political and economic systems are to survive.

The problems created by our system of land tenure have grown with the growth of the nation. They cannot be solved with a stroke of the pen. The attack on these conditions is the beginning of a siege which may require several generations of effort for successful conclusion.

A corrective program must include improvement of status for owner-operators and reduction of absentee landlordism.

The President's Special Committee on Farm Tenancy of which I am a member has recommended a program designed to bring about this improvement. It would be superfluous for me to elaborate on how closely interrelated farm and city well-being are.

If your enterprises are to prosper, the farm population of the United States must obtain a share of the national income sufficient to recompense it for its product and for maintaining the fertility of the soil.

The committee's recommendations, which detail a course of action for both the federal Government and the various state governments are, therefore, of great interest to business men. For federal action, the committee suggested that the effort to correct the evils of farm tenancy be directed by the Department of Agriculture. A Farm Security Administration and a Farm Security Corporation would be created within the department, the first to outline policies, the latter to finance the efforts so outlined.



Governor Carl E. Bailey

Through the cooperative endeavor of these agencies, the committee recommends a program of land purchase and disposition under long-term contracts to actual farmers. A feature of this part of the recommendations is the suggestion that the corporation be authorized to construct a system of variable payments under which a surplus above the average annual payment required would be collected in favorable years and used to reduce payments in unfavorable years.

Select farmers with care

SUCH a policy is now used by some insurance companies. The possibilities of subleasing, instead of purchasing, farms, as one reasonable approach is recognized. Care in selecting farm families is emphasized. Families already living on lands purchased should be given preference. The committee also recognized that the types of holdings should be varied. In some areas, the holdings should be such as to make commercial production possible. In others, the emphasis should be on home use production, supplemented by the devel-

opment of cooperative community enterprises.

The committee recognized that converting tenants into land-owners might prove futile if existing owners are permitted to lose their farms and themselves become tenants, or even migratory laborers. The committee suggested that, since many small farm-owners have never been in position to borrow from the land banks, it might be desirable to help them to obtain the benefits of refunding with land-bank loans. The corporation could assist by advancing the small difference between the farmer's indebtedness and the amount which the Farm Credit Administration under the Emergency Farm Mortgage Act of 1933 is permitted to advance.

The committee recommended a system of rehabilitation loans associated with technical guidance to needy farmers. These loans would be for the purpose of purchasing machinery and equipment, and for refunding short-term debts.

It would serve no useful purpose to remove families now on sub-marginal lands if others are to be permitted to occupy them. Such lands should be held in public ownership for reforestation, recreational purposes, and wild life conservation. In many of these areas, the direct cost for relief and various other subsidies in a short time equals the amount which would be required to buy the lands.

The committee recommended measures to avoid excessive overcapitalization and associated abnormal indebtedness resulting from speculation. A provision, it said, should be inserted in the federal income tax law to impose a specific tax on capital gains from sales of land made within three years of the date of purchase. Further to discourage speculation and absentee ownership, the committee proposed that the Federal Farm Loan Act and the Emergency Farm Mortgage Act be amended to limit

loans for the purchase of land to persons who are, at the time of the loan, or who will immediately thereafter become, personally engaged in farming on the land mortgaged.

For state action, the committee recommended measures to improve lease contracts and landlord-tenant relationships, to modify the taxation of farm lands, and to safeguard civil liberties of tenants.

Such specific measures as have been suggested for state action have already been adopted in Arkansas. The state is subdivided into soil conser-

vation districts. Each district is a legal entity which can deal with the federal Government in efforts to prevent soil erosion.

A State Forestry Commission is adequately financed. It provides scientific management, fire protection, and reforestation on 7,000,000 acres now. Another 14,000,000 acres will be brought under management within two years. Other measures provide that tax-forfeited lands cannot be sold by the state to individuals until the Forestry Commission and the State Park Commission have certi-

fied that the lands are not adaptable to forestry or park use.

The problems created by the evils of farm tenancy assume huge proportions. You recognize, I am encouraged to believe, that you can participate in the effort to eliminate these evils, not as a philanthropy, but as a measure of security to your own enterprises.

Your own intelligence will point you the way in which you can make substantial contributions to the formulation of a sound program and its successful administration.

The Surtax on Corporate Incomes

DIFFICULTIES which specific business corporations encounter in operating under the federal surtax on undistributed corporate earnings, imposed by the Revenue Act of 1936, and concrete cases of inequitable operation of this tax were the keynotes of the round-table discussion devoted to the tax and its administration.

Importance of early action to ameliorate these hardships was stressed by Fred H. Clausen, of Horicon, Wis., Chairman of the Chamber's Committee on Federal Finance, who presided over the round-table. As representative of his Committee, Mr. Clausen proposed:

The base of the surtax should correspond more closely to the true earnings of corporations as determined by proper accounting methods. In the determination of these true profits, there should be allowances not now permitted for losses sustained and shown on the books; and for reasonable reserves actually established and essential to the prudent conduct of the business. In addition, before the application of the surtax, there should be allowances for amounts required for payment of indebtedness, for restoration of depleted capital, for reasonable expenditures in business expansion, and for carrying losses forward. A reasonable period should also be permitted for distribution of dividends.

A simple, though inadequate, remedy, which would relieve to some extent the present difficulties, would be to permit corporations to retain a reasonable portion of their taxable income free from the surtax; the portion mentioned is 30 per cent.

Ellsworth C. Alvord of Washington, D. C., also a member of the Committee on Federal Finance, in opening the general discussion, outlined the background of the surtax, and the circumstances leading to its adoption.

Principal reasons for adoption of the surtax he said, were:

1. To produce \$620,000,000 in additional revenues;
2. To equalize the tax burden between large and small corporations, between incorporated and unincorporated enter-

prises, and between large and small income stockholders; and to simplify tax procedure;

3. To prevent corporate saving and compel the wider distribution of corporate earnings.

As to additional revenue, he pointed out that the revenues from the income tax are falling short of expectations this year by \$267,000,000.

Small concerns are hit

MR. ALVORD pointed out further that the tax was bearing more severely on small concerns; that inequalities between incorporated and unincorporated business were not improved; that inequalities among stockholders of different concerns were heightened and that, instead of simplifying the tax system, the tax had added new confusion.

He put forward ten principles of taxation as his suggestions of fundamental considerations which should guide future revenue legislation. He said that a tax:

1. Should impose liabilities reasonably certain of ascertainment.
2. Should impose no unreasonable or excessive burdens.
3. Should not discriminate too harshly among competitors giving to some advantages denied to others.
4. Should apply with reasonable equality to all classes of business, whether or not competitive, imposing substantially equivalent burdens upon all types of business profits.
5. Should not be open to excessive avoidance.
6. Should not unduly interfere with normal business transactions.
7. Should be reasonably coordinated with other revenue measures, whether federal, state, or local.
8. Should tend to produce the results for which imposed, whether they be to raise revenues, prevent improper practices, or for so-called "social" purposes.
9. Should not conflict too severely with other governmental policies.
10. Should be capable of reasonably sound administration, including a final determination of liabilities without undue delay.

Other speakers gave specific illustrations of the difficulties and inequities encountered by corporations in their attempts to operate under the surtax.

Henry B. Fernald, of New York City, also a member of the Chamber's Committee, pointed out the uncertainty and unevenness of the tax in its application to corporate earnings and the inability of corporations to determine, before the close of the taxable year, the amount of earnings subject to tax.

Among the inherent defects of the tax, he listed these: The subject of the tax is uncertain, the law imposing the tax is not clearly conceived and expressed, and the rates are high.

Other speakers briefly presented the effects of the tax upon particular industries as illustrated by corporations with whose situations they were familiar. These speakers included:

John W. O'Leary, President, Machinery and Allied Products Inst., Chicago.

Charles Warner, President, Warner Company, Philadelphia.

E. H. Lane, President, The Lane Company, Inc., Alta Vista, Va.

Charles R. Whitworth, Partner, Touche, Niven and Co., Chicago.

Clyde G. Conley, President, Mount Vernon Bridge Company, Mount Vernon, Ohio.

W. L. Ashbaugh, Mgr., Tax Department, Price, Waterhouse & Co., New York.

Paul H. Wilson, Secretary, Graton & Knight Co., Worcester, Mass.

Oscar G. Mayer, Pres. & Gen. Mgr., Oscar Mayer & Co., Chicago.

James J. Minot, Jr., Chairman, Committee on Federal Taxation, Investment Bankers Association, Boston.

J. B. Smith, President, Millers' National Federation, Chicago.

I. R. Glass, economist, Tanners' Council of America, New York.

A resolution introduced by Paul H. Wilson, Secretary, Graton and Knight Co., Worcester, Mass., pointing out the defects of the corporate surtax and including constructive remedial proposals was unanimously adopted.

What of the Future of Banking?

By **RAYMOND N. BALL**

President, New York State Bankers' Association

THE maladjustments created by the World War have caused revolutionary changes in the political, social and economic life of the peoples of the world. The events of the '20s, culminating in our collapse in 1929, brought us to the realization that we faced one of the most difficult situations in our history. The election in 1932 gave evidence of a widespread dissatisfaction with existing conditions and Government policy—our traditional views of the functions of Government were challenged.

Some of these new concepts after the election of 1932 soon found expression in unprecedented legislative acts and policies.

The results of the election last fall should not be ignored. If we believe in a democratic form of Government, we must recognize that the voice of the people as expressed at the polls in November is but the echo of similar expressions of the will of the people which has been heard in various foreign countries since the World War.

I do not believe we are headed for Communism, Socialism or Fascism. I am not disturbed, as yet, about a radi-

cal change in our form of Government. We should be greatly disturbed, however, unless we face the facts and recognize that the desires for these changes are not solely national but are world-wide in their roots. The leadership of American business, which has shown great capacity in developing large business enterprises, will accept the challenge which this situation presents and make its contribution, in cooperation with Government, toward the sound solution of our new problems.

This responsibility, however, is not solely that of the industrialist and business man. The bankers must accept their share.

While few will deny that our banking system, if we may call it a system, has contributed much to our economic development, we cannot treat lightly the fact that it has failed in every major economic crisis.



INTERNATIONAL NEWS

Raymond N. Ball

Historically, banking in this country has always been a matter of public concern and Government supervision and regulation, but in the past few years we have seen the Government assume rather complete control over money and bank credit in an effort to hasten and assist national economic objectives. In addition to this supervision and control, the Government actually entered the field of banking.

However, the Government usually reacts to popular opinion. No one is quite so sensitive to the demands of society as is the politician in a democratic state; that is his job. The fact that the Government is in many phases of the banking field today may be evidence that our banking system was remiss in finding ways of providing modern society with certain credit and financial service which it demands.

I believe three interacting factors, principally, will determine the future of private banking:

1. Legislation and regulation
2. General economic forces
3. The quality of bank management

Powerful as are the first



LOHR

A part of the large audience which heard the corporate dividends surtax discussed and urged remedial action. Mr. Alvord speaking

two factors, I believe they yield in importance to the third. In fact, what happens on the first may well depend largely upon the third factor. Therefore, we must devote much of our attention to building up a steadily improving quality of bank management, and management, whether in industry or banking, must reach its decisions after carefully weighing facts. If banking history proves anything, it is that laws alone will not produce good banking.

As the recovery processes continue, we should not forget our experience of the past few years. The future may call upon all of us to make even greater adjustments than we have made in recent years and, if we are to meet the situation, we must approach the problem as vigorously and scientifically as possible. If we are to be prepared to exert our proper influence and leadership, we must first have the facts upon which our views and opinions are based.

The Government is now equipped

has been carried on in industry in this country, particularly since the World War, banking has tried to continue operating along traditional lines. All too often, I am afraid, the banker has allowed prejudice, custom, and self-interest to take the place of reasoning based upon facts.

Banking research needed

THE day has arrived in banking, as it arrived many years ago in industry, when we need more sound and continuous research in banking problems—research conducted in the interest of all banks.

You may well ask, "What do you mean by research in banking?"

I do not refer to research methods which you apply in your great physical science laboratories but I do refer to the type of fact-finding surveys you carry on with reference to your business as a whole.

Of course, research in banking cannot be carried on as scientifically as

cies might well be formed in the beginning, these to be associated later with a national institute which in turn might well serve as the clearing house for all pertinent information.

Presupposing that several institutes for research in banking were established in different sections of the country, what should their character be?

The board of directors of each institute should include not only experienced bankers but representatives of the banking supervisory authorities, especially those of the district in which the institute is located, the general public, industry, and agriculture.

The executive officer of the institute should be a person interested in the general economic problems of banking. Serving under his direction should be specialists in the several important fields of banking such as Credits, Investments, Bank Management, Trusts, and Public Relations, among others.

The active staff should include men experienced in banking, as well as competent scientists in the field of applied economics. It may even seem wise to associate such an institute with a leading university.

The founding of such institutes might well be sponsored by the state bankers associations in their respective districts. The necessary financing should not be difficult provided the banker can be convinced of the merits of the undertaking. Five per cent of the total amount of money which banks spend today for advertising would provide ample funds.

If several institutes were established in different sections each could maintain a close personal contact with the banks in its own area. The cooperation of these banks would be invaluable and would provide a laboratory where theories could be tested to determine their practical value.

Such an institute I am confident would fully justify its costs and yield ample dividends on the investment.

You may not agree with the suggestions I have made. I am confident, however, that you will agree that there is as much real need for sound and continuous research in banking as there is in industry. If my suggestions do not appeal to you, I hope you will give the matter serious consideration and from your own experience suggest a better method.

To those of you who are bank directors I believe I am justified in stating that the answer to the question "What of the Future of Banking?" is as much your responsibility as directors as it is that of your active officers. You are responsible to your many stockholders and to hundreds and thousands of depositors.



Silas H. Strawn, J. Walter Drake and John W. O'Leary temporarily divide their attention between business and luncheon

as never before with a vast amount of information about banking. Its activity in the field of lending through various agencies has provided it with an experience which would prove to be of great value for the larger bank task which Government may assume, in response to public demand, if unit banking fails again. In this event we may see our chartered unit banking system entirely eliminated and Government ownership and operation substituted.

While a great research movement

in industry. Its theories cannot be proved by test-tube analyses. Banking, if it may be termed a science, is a social science and in these troublesome days I am not sure that sound research in all the social sciences is not of more immediate importance than research in physical sciences.

This research must be undertaken by agencies organized for the purpose. I doubt that in the beginning it can be undertaken on a national scale. The interests of the country are too diversified. Several fact-finding agen-

Inflation Dangers

POLICIES of easy money have been an important part of recovery programs, Chairman William G. Irwin, Columbus, Indiana, banker and business man, observed at the round table upon Inflation Dangers. The assumption of debt by our government and citizens has been made as attractive as possible. But, many have been asking whether easy credit, not to mention credit expansion, might not be overdone. Trade expansion, induced by artificially cheap and abundant money, is likely to be accompanied by fear that recovery may not be upon a sound basis.

Speaking upon "Easy Money and Credit Expansion," George V. McLaughlin, President of the Brooklyn Trust Company, Brooklyn, declared that "easy money" means a situation in which prevailing rates are relatively low on certain types of credit involving practically no risk, such as acceptances, commercial paper, Treasury bills, and brokers' loans. Such a situation has prevailed over the past three or four years.

Easy money, however, Mr. McLaughlin observed, is a relative term. In the category of lower grade credit involving some degree of risk, the situation is different. Many low and medium grade bonds currently are quoted to yield high returns. Some of these simply could not have been sold at any price in the past four years, and the kind of mortgage credit which was freely extended during the building boom ten years ago has largely disappeared. Once one crosses the boundary line of reasonably safe credit into the territory of speculative credit, one parts company with easy money and low interest rates.

"Credit expansion" was defined by Mr. McLaughlin as an expansion of bank credit, because an expansion of credit by other lending agencies usually is reflected in an increase of either the volume or velocity of bank credit.

In the period 1922-29 expansion of credit in this country was principally in the form of loans. Since the spring of 1933 the principal expansion has been in the form of purchases of government securities by banks. The federal Government's deficit financing thus has added many billions of dollars in bank deposits. These con-



Lionel D. Edie tells the meeting that inflation is not inevitable

stitute a potentially dangerous store of "inflationary dynamite." Bank assets now consist largely of government bonds. Because of the effect of changes in interest rates upon the market value of bonds, a highly speculative element has been introduced into bank management.

Credit velocity important

THE "velocity" side of credit expansion likewise is important. The relatively slow current turnover of bank deposits is one of the principal reasons why the material increase in volume of both bank assets and bank deposits of the past four years has not produced the inflationary effect which many observers anticipated. While the volume of bank credit can be influenced to some extent by the open market operations of the Federal Reserve system, by the sterilization of gold imports, and by the Treasury's fiscal policy, velocity remains stubbornly in the domain of psychology.

Even though it is possible in a measure to keep interest rates within a certain area, this type of control has its price. The maintenance of

artificially low interest rates implies the maintenance also of an "oversized" credit base which in turn may facilitate excessive credit expansion when and as popular psychology is propitious to such a development.

In discussing "The Adequacy of Inflation Controls," Lionel D. Edie, President of the Lionel D. Edie Company, New York, declared that inflation is not inevitable.

One important reason offered by Dr. Edie for this viewpoint is the force of public opinion. He pointed out that in 1933, when we went off gold, a tremendous pressure of public opinion was exerted through the medium of politics to bring about a change in the structure of our monetary system and the managers of the currency responded.

In the future, the currency managers are not likely to clamp down the lid on expansion of credit and on easy money unless or until public opinion changes. Such a change seems to be taking place now and will be accentuated by autumn of this year, when for the first time, merchandisers will be passing on to the consumer the full brunt of the higher cost of doing business on higher wage, raw material and tax levels.

The question of the price level is both national and international and it is folly to assume that we can control it purely by domestic operations. The managers of the currency, no matter how able they may be, constantly find that the price levels in this country are tied to the price levels of the world.

When Great Britain went off the gold standard in September, 1931, its currency managers had no conception of the far-reaching significance of that step. They assured the public that raising the price of gold in terms of sterling did not mean a higher level of commodity prices, and for a couple of years the influence of the British Treasury and the British financial policy was a conservative influence upon the world's price level. But in the past year the British have unbalanced their budget at the crest of a boom and the primary inflationary force in the world since last June has emanated from London.

Dr. Edie suggested three methods

by which an excessively rapid rise of commodity prices can be curbed in this country: first, by gold policy; second, by a budget policy; and third, by a credit policy.

In discussing credit expansion, Dr. Edie pointed out that before the credit expansion of the past few years we had suffered the most colossal contraction of bank credit in history. Since December we have had considerable contraction.

The halt in credit expansion may be attributed to the fact that the present capital assets of the banking

system do not permit of further growth.

Dr. Edie pointed out several important problems which the managers of currency throughout the world must solve. The first has to do with the responsibility of managing the price level without defining what the price level is. The second has to do with easy money. Easy money forever, seems to be the motto of the currency managers both in London and in Washington, and it remains to be seen how a boom can be curbed while easy money conditions are

maintained. The currency managers seem to have scrapped the principal tool of control—higher discount rates. The third problem has to do with gold. It is a mechanical, technical problem how to maintain the price of \$35 an ounce in this country and yet not have all the gold in the world poured into our laps. Finally, the currency managers are up against the problem of how to stop spending at the top of the business cycle so that when they next come to a down cycle they will have some fat left upon which to draw.

The Future of Transportation

THE NEEDS of the American merchant marine and the future of transportation in the United States from the viewpoint of the four principal forms of transportation—railroad, highway, waterway and air—were discussed at the Transportation Group Session.

William K. Jackson, Vice President of the United Fruit Company, speaking on the American merchant marine, showed that the United States has fallen far behind other important maritime countries in shipbuilding. Since 1922 these nations have constructed about 3,000 ships suitable for foreign commerce. In the same period 33 were built in the United States, none having been built for foreign trade in the past four years.

We need modern ships

ABOUT 90 per cent of our present ships will be obsolete before new ships to replace them can be built in American yards. As a result, we are seriously dependent upon freight ships to handle our foreign commerce. In case of war these ships might be withdrawn, our foreign commerce would be unable to move, and our internal prosperity which, Mr. Jackson said, varies in direct relationship to our foreign commerce, would disappear.

Mr. Jackson saw in the 1936 Merchant Marine Act a definite policy to build an American merchant marine, but held that changes were needed to make it fully effective. The greatest needs, he stated, were for the Government to make up the full differentials between American and foreign construction and operating costs, and elimination of the uncertainty of government policy which has existed in recent years.

All four speakers held that each

form of transportation has its proper place, and repeatedly emphasized the general spirit of cooperation in the transportation industries, shown at the present meeting, in contrast with the contentious atmosphere at a similar Chamber meeting that was held six years ago.

Carl R. Gray, President of the Union Pacific Railroad, pointed to the improvements in railroad service in the past six years in the face of reduced traffic and earnings. Among these improvements he stated that the railroads have been continually preparing for the future on the basis of cooperation and the assumption that there is an economic rôle for every form of transportation.

He said there is no shortage of mainline railroad facilities but terminals and particularly shippers' unloading facilities are insufficient. He urged that shippers avoid making unnecessary demands upon railroads in times of heavy traffic, and commended the work of shippers' advisory boards in reducing such demands.

Robert K. Carter, President, Carter Brothers, speaking from the viewpoint of a truck operator, stated that the greatest needs in this field are reasonable regulation, reasonable taxation and uniformity of requirements as between states.

He felt that the Motor Carrier Act had been beneficial, the Bureau of Motor Carriers indicating its intention to be fair in applying it.

He mentioned the thought responsible truckers are giving to highway safety and called attention to the good record of truck operators in recent years as compared with highway users in general. He also commended the manner in which the Bureau of Motor Carriers has taken up the question of safety and expressed the belief that the principles promulgated by it will ultimately ex-

tend even to private automobile operators.

William B. Rodgers, Vice President, McCrady-Rodgers Company, stated that the three great needs of waterway transportation are closer cooperation between rail and waterway operators, including an extensive system of joint rail and water rates; a continuous program of waterway development, including improvement of tributaries and terminals, construction of barge canals and flood control works; and avoidance of restrictive legislation.

Coordination is needed

HE asserted that waterways can carry certain types of freight more cheaply than any other form of transportation, and that the future of inland waterways is brighter than ever before. He held, however, that there is need for a general transportation coordinating agency in the government.

Col. E. S. Gorrell, President, Air Transportation Association of America, commended the proposal before the annual meeting for regulation of domestic air transport, holding that it is necessary to prevent cutthroat competition which would destroy or impair large existing investments.

Col. Gorrell stated that newspaper emphasis on certain recent airplane accidents is misleading. He pointed out there have been only 198 fatalities to passengers in ten years, and that there is no basis for belief that air transport is becoming less safe. He urged, however, better equipment of airways with radio and other beacons, particularly through the mountains, and predicted that, within a few years, air lines will be operating between the eastern and western hemispheres via the short routes through the Arctic and Antarctic.

International Air Transportation

By JUAN T. TRIPPE

President, Pan American Airways, Inc.

IN the comparatively brief span of 18 years, air transport has become a recognized and accepted factor in the commercial life of all civilized peoples. The development of this new medium of transportation since 1919, when the first airline was organized, has been phenomenal.

All of you, I am sure, appreciate the important position which aviation occupies today in our everyday life, both from the point of national defense and transportation. Except to refer to the new responsibility and obligation this terrible instrument of destruction places on the nations of the world, I will not touch on the military aspect of aviation. It must be used properly for defense and for the police function and not for aggression, lest our civilization, as we know it today, be wiped out.

Happily, aircraft is not only an instrument of self-defense, but, more important, it becomes a stronger factor every day in the preservation of peace—peace that is achieved by breaking down time barriers that have in the past so separated the peoples of the world. When people are able to know one another, to appreciate the other fellow's problems, and to carry on trade and commerce amongst themselves, national tensions are relieved and the economic explosions that bring on war are avoided.

Statesmen in the past have repeatedly asserted that even our Civil War could have been avoided had there been adequate and fast transportation facilities, so that the peoples of our North and South might have intermingled and better appreciated each other's points of view and individual problems, as they may do today. Now, in a few hours, you may go from "Yankee" New England to Atlanta or New Orleans. The ties of personal friendship and commerce are no longer sectional, but are nation-wide.

These bonds—the result of speedy transportation and communication—are far stronger than written documents or treaties, and it is these

bonds of reciprocal trade and personal friendship that today cement our country together and assure all of us that there never can and never will be another civil war.

All of you are familiar with the network of lines comprising our great domestic air transport system that stretches from Coast to Coast and from Canada to the Gulf. I am

this Convention provides that the air space above a nation is the exclusive property of that nation. Article XV provides that foreign air transport lines can neither land in the territory of a signatory state nor traverse the air above it, whether landing is made or not, without specified consent.

The fundamental law with respect to international air transport is, therefore, very different from that now controlling domestic aviation and also different from that controlling international maritime commerce, where from time immemorial the ships of all nations have enjoyed the freedom of the seas and the right to trade freely in the ports of all nations without approval or consent of the governments concerned. The United States is not, of course, a party to the Versailles Treaty, but the theory of non-freedom of the air with respect to international air commerce has been recognized and adhered to in our Air Commerce Act of 1926.

Current history has shown that nations, with a view to protecting their own commercial and military interests, have often refused flying permits to international airlines. Therefore, to the international operator, diplomatic problems are as important as technical and commercial problems. The great international airline systems have, in fact, had to organize a veritable miniature "foreign office" to negotiate and keep in effect the necessary permits to operate through foreign lands.

Although development of international air transport began with the trans-channel service between England and the Continent in 1919, it was not until 1924 that the British Government adopted a policy of far-reaching importance to international aviation—that of nominating and supporting only a single British airline to operate internationally on British trade routes. Behind this single company, the British Government placed such subventions as were allocated for British international air service as well as the entire diplomatic support of the British Govern-



Juan T. Trippe

therefore restricting my remarks to international air transportation—a type of transportation inherently different from domestic air transportation, and, of course, different also from maritime transportation which centuries ago developed the great international trade routes which today are responsible for the rise of great nations and the location and well-being of great cities.

In the early years of aviation, statesmen believed and adhered to the doctrine that the air, like the sea, should be free and open for navigation to the aircraft of all nations. The World War rudely, overnight, changed this doctrine. Statesmen everywhere perceived that aircraft, besides being instruments of commerce, could be utilized as instruments of destruction.

The theory of "freedom of the air" was abandoned and, at the Treaty of Versailles, an air treaty or air convention was concluded. Article I of

ment abroad. When the United States entered this field in 1927, this precedent was followed. American aviation, railroad, steamship and other business interests joined together to finance and support efforts to extend American air services abroad, and the United States Government assisted through authorization to carry the international air mails.

American international air routes operated by Pan American now extend throughout Latin America, to Alaska, and to the Orient. The new

services being organized will link the United States with Australasia, with Bermuda, and finally with Europe. Of particular interest at present are the giant 70-passenger, super "clipper ships" being built in the United States for trans-Atlantic and trans-Pacific service, and also the 32-passenger, sealed-cabin stratosphere types now under construction.

The International Chamber of Commerce is rendering great assistance to international air commerce in the simplification and coordination

of the many documents that are still required relating to aircraft engaged in international service, as well as their crews, their passengers and their cargo. Today the United States leads the world in international air transport and, with the continued support of the Government—the continued leadership of American aircraft designers and the superiority of American flight personnel—the United States will continue to occupy a position second to none on the aerial trade routes of the world.

The Third American Crisis

By the REV. EDMUND A. WALSH

Vice President, Georgetown University

WE have had three major crises in the history of American democracy. We are now in the third. The first was that which faced the very founders in 1787 as they went into that convention in Philadelphia to try to save what was threatened with absolute ruin. Those men had come forth from a great war with high hopes of the future, with the idealism of a new-born democracy, but what happened? There was dissension between the 13 colonies, the inadequate Articles of Confederation were like a rope of sand to hold together the industrial states of Massachusetts and Rhode Island and Connecticut

with the agricultural communities of the South, the tobacco raisers of Virginia and the Carolinas; there were tariff walls between the states; there was mutual distrust, and there was impending anarchy and dissolution.

But those men who went into that convention were realists. They had the courage to face the facts of the moment and they achieved that great compromise which is embodied in the organic law of the United States which we call the Constitution. That Constitution has survived the shocks of 150 years simply because it contains within itself the vivifying principle of adaptability. The difference between life which you and I and all other organic matter enjoy and inorganic matter is precisely in the power of adaptation and rejuvenation of things that are outworn.

That was the first crisis. The second was in 1861 when the unsolved prob-

lems that the Constitution left untouched reached the moment of inevitable solution when the great moral issue of slavery would tolerate no further delay. That impasse was incapable of being solved by compromise and statesmanship. It was solved by the sword.

Another 70 years or more has elapsed, two generations. Great sociologists have frequently pointed out that it takes about two generations for a great social problem to come to the final moment when it will brook no longer delay, and here we are in another crucial moment of our history, a moment that has lasted for more than seven years.

The very length of that moment is a sign of intrinsic seriousness of the problem and of the marvelous force and the resiliency of a nation that could have survived seven years under what we have suffered.



The Rev. Edmund A. Walsh, S. J.

This problem is different from the first two. The first was a problem between individual states. That was solved by government. The next problem was not between states but between sections. That was solved by the sword.

This problem is a social problem. It is between laborers and so-called capitalists, between human beings. Now the charge is one of social injustice.

How will this problem be solved? That is the challenge directed to you and to me and to every member of society who has more than a superficial interest in the destiny of the United States.

In the great crisis which began in 1929 and which we are not yet out of, we have acted in a typically American manner. You know, in our vocabulary and in our economic structure, we Americans like the superlative.

We have girded this continent with more railroad mileage than any other country in the world. We kill more people in a year than in any other part of the world. We have achieved the highest buildings in the world, the most telephones in the world. Then we have the radio—another tremendously materialistic invention. We achieved, as I say, this greatness; that is all in the superlative.

When 1929 came we ran perfectly true to form. We achieved the greatest, the biggest and most resounding collapse in history, and we suffered in a superlative degree.

Having achieved that first fall, we then put on the greatest act of re-

pentance in the history of righteousness in the form of ill-advised and panicky legislation. Not only did we go to the extreme in the form of the biggest and the greatest and the best repentance, but we achieved it at the greatest cost in history.

Our problem today

NOW all those things betoken a lack of a positive philosophy, a positive degree of expression, and if any lesson is to come out of these years since 1929 it ought to be that we need a positive philosophy for the future with regard to the relationship between capital and labor.

So the problem that has come down to every one of us is how to distribute the great results of this productive enterprise that was developed through that century and a half since we became a nation.

The Communist claims that all economic society is in the hands of a small exploiting group, that the distribution of the joint results has been too much monopolized on one side and that labor does not receive enough to guarantee sufficiency and security. Our problem is to distribute the fruits of industry more equitably. We must remember that both capital and labor are co-partners in production. Capital alone, industry alone, can produce nothing.

It is, therefore, to a large and a broadened social consciousness that this generation must be devoted, and the sooner you do it yourselves the sooner you will remove the challenge of communism, a form of revolt

which is in essence a form of protest.

Bolshevism is the illegitimate child of a reckless capitalism. There were certain abuses, undoubtedly, and the Communist so capitalizes them that he makes a most alluring appeal to the vast majority who have to depend on wages. Bolshevism hates democracy, and will abolish it the moment it is strong enough to do so.

Therefore, I believe that these 25 years have produced the most clearly defined phenomena of the past century since the industrial revolution. I consider bolshevism with its inherent problems to be the most characteristic product of the industrial revolution, an industrial revolution which deified mere productivity alone.

That phenomenon has reached the United States, has reached the world. The issue is being fought out today in Spain. You may have in the west of Europe a new soviet form and in the Far East another great soviet form, and then the problem will be advanced one step nearer to us.

It is not too late, however, because that tremendous resilience that is characteristic of the American people and our different traditions are still at our disposal. The further we go in meeting the just demands of labor by a more equitable distribution of the fruits of industry, to that extent do we cut the ground from under the feet of the bolshevik.

Therefore, a wise commercial policy demands the exercise on your part of two highly important virtues, one of them intellectual and the other

moral and psychological. That first virtue is clear thinking, fearless thinking, and intellectual honesty.

The second requisite is a balanced sense of proportion, the sense of equity, the inclination to accept the findings of your intellect, of your fact-finding committee. You must be prepared to reduce the facts to courageous external practice. That often involves considerable self-sacrifice and it involves frequently a painful restriction on our appetites, since appetite is only impulse undisciplined by reason. Much of the development of this country has been in that direction: Impulse undisciplined and uncontrolled by planned reasoning.

Business must face facts

THE health of the body, even life itself, often requires that you submit to a most nauseous dose of medicine or even that you amputate some member. Therefore it seems to me that business in the United States is in the mood at present and has the obligation to face the discipline of facts and of experience with respect to its future conduct.

The tragic record of known fact is written large and clear in the pages of recent history. We launched incessantly on a boom period in the wake of the World War, we increased our productive machinery enormously and we stimulated artificially a volume of foreign trade that could only be financed by the unhealthy and the continuous extension of credit to Europe.

What has been the net result?

After 25 years of the most feverish activity we are the chief losers from the point of view of who is paying the bill. I see no stoppage in the acceleration. When, as we have seen in recent times, the Chief Executive attempts to clamp down immediately there is revolt, of course. Those who taste that kind of blood never lose the appetite for it.

We are entering on the final lap, and that final lap will become apparent to the whole country just as soon as the impending inflation becomes a public and a recognized reality.

Now we have chosen almost traditionally the greater of the evils always, under the pretense and under the subtle delusion that it was an immediate benefit. Consequently in the present case I hope that we will not again deliberately choose the greater evil and risk.



Charles P. Garvin opens the ATAE dinner program. Beside him, Oscar L. Moore, vice president, and Harold R. Young, president, ATAE

Some World-Wide Reflections



A bird's-eye view of the speaker's table at the banquet of the American Section, International Chamber of Commerce

WHEN Thomas J. Watson, Chairman of the American Committee and toastmaster, opened the Sixteenth Annual Banquet of the American Section of the International Chamber of Commerce, his voice was carried over short wave radio to most parts of the world. This program included addresses by John Foster Dulles, New York; Eliot Wadsworth, Boston; and Henry A. Wallace, the Secretary of Agriculture.

The keynote was international co-operation in the interest of better economic conditions and world peace.

Discussing the history, operations and accomplishments of the International Chamber of Commerce, Mr. Wadsworth said:

The brief life of the International Chamber, founded in 1920, covers some of the most amazing years in economic history.

During this period we have tried economic conferences, disarmament conferences, and political action through the League of Nations. These methods have been found wanting. The International

Chamber is the only world organization where the business men of 40 or 50 nations can meet for self-expression, which has steadily gained in prestige. The problems of those non-political delegates are alike. When they can agree on a policy their word carries weight in political circles.

No one can say what turned the tide of American opinion toward reciprocal trade agreements. To Secretary Hull must go great credit for his tenacious belief and arduous work. To the International Chamber, whose delegates have threshed this subject out at eight conventions, must go credit for preparing the way.

The goal of civilization

IT IS safe to say that if there were no International Chamber of Commerce today, some public spirited citizen would undertake the task of starting one. It is well understood that nations cannot prosper without international trade in goods. Can any one doubt that a frank interchange of ideas between the citizens of all nations, speaking directly to each other as free agents, is equally essential as a foundation for better international relations, and for world peace, which must be the ultimate goal of civilization?

Chairman Watson referred to two years of joint study by a group working under the auspices of the Carnegie Endowment for International Peace and the International Chamber of Commerce to throw light on world needs, to bring about international economic reconstruction, stabilization of currencies, the revision of trade barriers, a settlement of international debts on a fair basis and a stable basis for international trade. He said:

The International Chamber of Commerce is trying to work out some of the economic and monetary problems, the solution of which will contribute to world economic stability and peace. The people of 50 different countries who are members of the International Chamber of Commerce have come to the conclusion that the road to world peace lies along the way of sound economics between countries; we believe that as soon as there can be a proper flow of trade both ways across the borders of nations, there will be no need for soldiers crossing those boundaries.

A plan for peace

MR. DULLES, partner in Sullivan and Cromwell, attorneys in New York City and Paris, speaking on "Fundamentals Which Lead to Peace," said:

I feel that there has been in the past too great a tendency to study the problems of war and peace in terms of particular situations and in terms of particular individuals. I have been impressed with the fact that, over the years, people have fought, not because they liked it, but despite themselves. Peace has always been regarded as golden, war as a curse. There has probably been no time or no place in the history of the world where a plebiscite on the abstract question of war or peace would not have been overwhelmingly in favor of a world system in which war would have no further part.

After discussing the attempts that have been made through the League of Nations and otherwise to place restraints upon the violent outbreaks of human energy which we call war, Mr. Dulles said:

The conclusion is inescapable that a well-ordered domestic economy provides the greatest assurance of peace. The problem of international peace is but an extension of the problem of internal peace. As to this, we have learned that order can be maintained and violence avoided only under a social system which gives a reasonable outlet to the energies and ambitions of the individual. A state, to remain peaceful, must afford its individual citizens an opportunity to work and enjoy the fruits of their labor. There must be no undue repression of individual energy, intellectual or physical. Where such repression is absent, energy does not build up to a dangerous degree. Where, on the contrary, repression occurs

on a large scale, peace is threatened.

Mr. Dulles then turned to the question of "escape valves" for dangerous national energy:

I do not suggest the reallocation of colonies and the bartering of colonial peoples. To this there is serious objection. But there would seem to be no insuperable obstacle to opening up vast areas of the world to the application thereto of the mandate system as originally advocated by President Wilson—to the end that such territory should be administered in trust, first for the well-being of the local population, and then for the benefit and equal opportunity of the whole world.

The suppressed energies that threaten war are confined to relatively small areas. Yet they endanger us all. In face of this, how can we justify a system which keeps under lock and key vast undeveloped domains into which the explosive forces could peacefully and fruitfully discharge themselves?

Secretary Wallace, guest of honor at the banquet, spoke informally, with particular reference to agriculture:

As I look into the future, thinking to a considerable extent from the standpoint of agriculture, of course, it would seem to me that our problem is one of endeavoring to adjust both our internal

and our external situation to that which would confront us if we had normal weather for several years. It is hard for us here in the United States to think in those terms because the weather has been so extraordinarily variable during the past seven years. I can easily conceive of a situation where, if we had two years of normal weather, agricultural prices might be much different from what they are today and the volume of agricultural products pressing toward the foreign market might be much greater, and I would hope if we did have those two years of ordinary weather that something might come to pass that would supply foreign purchasing power with that increased volume of agricultural produce.

The Outlook for World Trade

MORE than 250 foreign traders met at the Mayflower Hotel, in round table conference, to discuss: present trends in foreign trade, the government's reciprocal trade agreement program, factors affecting world competition, and the implications of neutrality legislation.

James A. Farrell, long the leader in American foreign trade thought, and the Chairman of the Foreign Commerce Department Committee and the Canada-United States Committee of the National Chamber, presided.

Frankly facing the discouraging aspects of the world economic situation Mr. Farrell urged that "we retain our sense of proportion and preserve our buoyant faith in human destiny." Economic laws, he said, are continuing to operate in furthering world trade recovery despite governmental restraints. Even countries which have resorted to self-sufficiency measures are finding it increasingly necessary, he pointed out, to bring their foreign commercial policy into closer alignment with that of nations that are seeking by constructive policies to restore the economic channels of world commerce.

Mr. Farrell praised highly the foreign trade policy of the United States:

When the history of this perplexing period is written, it will be found that the United States, in its efforts to restore its own domestic economy, has not been unmindful of its dependence upon the economic progress of the rest of the world.

Pointing out that Great Britain and Canada together account for about one-third of our total exports, Mr. Farrell said:

It would be of the utmost consequence to the future of international trade in general were Great Britain, in her trade relations with the United States to align its foreign commercial policy more closely to that of America. The British prefer-



A portion of the large audience which considered problems of international trade. The Canadian delegation in foreground

ential system is political in origin, conflicts in principle with the foreign trade policy of the United States and with the matured conclusions of the International Chamber of Commerce. It is incompatible with the most-favored-nation clause. For British countries, any domestic advantages of a temporary character derived from the Ottawa Policy are offset by the greater difficulty experienced in maintaining economic relations with the non-Empire markets.

With reference to the world supply of raw materials, Mr. Farrell pointed out that no individual country enjoys complete self-sufficiency and that "no country is deprived of raw materials that can afford to pay for them." He said that the value of colonies to the mother countries economically has been repeatedly challenged. In closing he said:

The burdens of war preparedness are felt today in every land. An artificial prosperity has been created by the manufacture of non-profitable armaments—diverting production from consumer

goods and, through rapidly increasing prices, making more difficult long-term planning in the foreign field.

The task before all countries is that of creating conditions favorable to trade expansion. Expansion of international trade is the first step towards a solution of other recovery problems. The principle of equality of treatment of all countries, combined with freedom of multilateral trading, must in time be accepted by all countries that seek to create a friendly international atmosphere in which conditions permitting of trade expansion may be more firmly established.

The conference manifested an especially keen interest in the subject of government tariff bargaining. As the speaker on this subject the National Chamber had invited Dr. Wilson Compton, Secretary-Manager of the National Lumber Manufacturers Association, a group that not only has substantial export interests but also can be seriously affected by heavy decreases in rates of duty.

Dr. Compton termed the reciprocal

trade agreements the only practical way for the exercise of public authority to combat foreign discrimination.

Yet he emphasized that, in making trade agreements, it is important that industries requested to make concessions in their level of protective duties should also receive compensating advantages in the promotion of their export trade.

The great potential market for American lumber in British Empire countries, much of it lost as a result of the Ottawa agreements, is a beckoning field in the reentry to which the reciprocal trade agreements should, in his opinion, be utilized.

Reciprocity here to stay

CITING British preferentials along with United States-Philippine preferentials as tariff discriminations, he pleaded for greater equality of treatment in world trade and pointed significantly to Section 338 of the Tariff Act of 1930—providing administrative authority to meet discriminations against American trade—as a club “to be kept behind the door nearest at hand and not somewhere out in the woodshed in innocuous and at least semi-forgotten storage.”

Reciprocity he regarded as here to stay—a fact he welcomed, provided the policy is “wisely, fairly and courageously administered.” But he said:

No function of government requires a higher quality of fidelity and of economic statesmanship than the intelligent, equitable and patient administration of a world-wide system of reciprocal trade agreements.

In closing Dr. Compton said:

But whatever be the policy of administration, industry must share the public responsibilities of seeking restoration of normal world trading. Industry can greatly help or greatly hinder. We must all understand and accept the fundamental fact that, if we want to sell more goods abroad, we must be willing to buy more goods abroad. No industry will challenge the ultimate objectives of the tariff bargaining; nor will it seek to be the initial sacrifice to gain those objectives. But few industries if they have reason to believe that they will be fairly dealt with, will not cheerfully shoulder temporarily an additional burden as a necessary means to a larger ultimate benefit both to themselves, to their employees and to the public generally. But industry will be expected to have that confidence in trade agreements, only if they are truly reciprocal and only if they are open covenants openly arrived at.

Urging an increasing awareness of the fundamental but ever-changing economic factors in world trade Dr. Claudius T. Murchison, President of the Cotton Textile Institute, pointed out that we must further develop a genius for prompt and scientific adjustment to world changes and also must continue to combat arbitrary preferences and discriminations overseas. In an interesting analysis of

world competitive factors, Dr. Murchison pointed out that the importance of labor costs is frequently exaggerated, at times rendered meaningless by other equally important factors.

Dr. Murchison who has recently returned from the conclusion of a private agreement between the textile producers of Japan and the United States showed how a prompt exercise of a boycott by Japan on Australian wool when Australia raised the duties on Japanese cloth imports quickly reopened the Australian market to Japanese merchandise. As to the value of a large home market, such as that frequently cited as basic to America's ability to compete throughout the world, he said:

American experience has shown that a vast home market is, in an absolute sense, the best support of a mass production program. Without such a home market, a high price country may be at a disadvantage in developing export markets, because the home market under such circumstances can provide necessary capital and a sufficiently wide opportunity to gain maximum efficiency in production.

But in the past few years we have witnessed the arrival of a nation to industrial greatness without the benefit of large scale home consumption. Japan has found her simple mode of life, her limited purchasing power and her low price scales to be an effective substitute for a large home market in developing her industries. It has been officially reported that some 33 countries have found it advisable to raise artificial barriers against this young giant of the East.

The fact that external markets are so important as compared with the home market imposes upon Japan the necessity of maintaining relatively low wages and prices. The ratio of the home market to the foreign market is probably the most important influence in determining the internal economic policies of a country. Japan is fully aware of the inexorable quality of this truth. To my mind, it is therefore hopeless to expect relief from the competitive pressure of Japan in the form of appreciably higher wages and prices in that country. It is a situation which will eventually put our own national foreign trade policy to a more severe test than any which it has yet met.

Far East dilemma solved

DR. MURCHISON mentioned other factors, among them national skill in lines of production, arbitrary controls exercised by governments over exchange, preferential treatments, the development of home production, particularly in agricultural products and the adverse effect of some of our own domestic policies in their relationship to world competition.

The dilemma in our relationship with the Far East has been solved for the moment and possibly indefinitely through extra-legal proceedings between the Japanese Government and the American Government and, as respects certain textile products, between the cotton textile industries of the two countries.

Estimating the cost to the United States of the last war—figuring all elements—at \$100,000,000,000, the Rev. Edmund A. Walsh, Vice President of Georgetown University, discussing neutrality, stated that to pay a certain smaller price to avoid a repetition of such a great tragedy was not only humanitarianism but sound business. He agreed that neutrality legislation such as was at that time being discussed in Congress might limit the important doctrine of the freedom of the seas, but declared there were certain compensatory elements. Any neutrality act he said was the lesser of two evils.

Neutrality legislation

DISCUSSING the relationship of the then pending neutrality legislation to foreign trade he said:

Imports under it are left untouched, and should this law go into operation I see absolutely no control in it over incoming commerce. All mention, all language in the Act, in the bill at present and what may be in the Act on adoption by the Senate, all the language, refers to the exports from the United States, and it refers only to exports to belligerents, consequently the right of freedom of the seas with respect to trade between neutrals is also unimpaired.

At the outbreak of war, the President would declare that war would exist and he would embargo only one set of commodities absolutely—munitions and direct implements of war—to either of the belligerents but not to any others. Therefore the normal intercourse could still go on with neutrals under the control of the Munitions Board that is set up under the Act, also, no different than at present, for the export of munitions. Therefore you have the whole neutral field still open with all the guarantees of freedom of the seas untouched.

If, however, certain of these exportable commodities should be judged in the development of the conflict to constitute a danger to the peace of the United States, the President then has the power to name them as non-exportable in American ships, but they may be exported in foreign bottoms provided that the foreign shipper or the person operating for him signs a statement which puts it on a cash and carry basis.

Father Walsh pointed to the fact that this authority granted to the President might have excellent bargaining significance, particularly when a foreign belligerent might include in its contraband list products which represented an unreasonable restriction on American trade.

Neutrality legislation, with its principle of compromise and “give and take,” Father Walsh said, is “at least a movement in a direction which will help to avoid the tremendous tragedy from which we have gained nothing, from which we have lost much, and the end of which we have not yet seen—I mean the consequences will go on in this country for another generation before we finally get out of it.”



Some of those who took part in the discussion of distribution problems and price regulation

Price-Making in Distribution

THAT the making of prices involves many intricate questions was repeatedly demonstrated by speakers who discussed current price problems of retailers, the administration of the Robinson-Patman Act, and pricing problems relating to branded merchandise at the distribution conference. That economic trends and legislative enactments definitely influence price-making was apparent in the addresses and in questions raised by those in attendance.

The chairman, Clem D. Johnston, President, Roanoke Public Warehouse, struck a predominant note when he said in his opening statement that

prices are not the result of the whims of sellers nor are they established without relation to other factors—present, past, and future. Prices take into account costs, but also many other intangible factors.

Throughout the discussion frequent reference was made to the factors affecting price-making, and to the differences in point of view of business men toward these factors. "An inescapable fact," said Kenneth Collins, Vice President, Gimbel Brothers, New York City, "is that retailers are always looking for merchandise to sell at lower price levels than manufacturers think are reasonable." He went on:

Nothing in the world would please a retailer better than to have his goods freely accepted by the public at a higher price level. To the retailer a high unit of sale is most desirable. It means lower selling costs, and, of course, a higher total volume of sales—which is reflected in reduced expenses.

There is a fallacious piece of reasoning abroad to the effect that the retailer has something to do with the actual fixing of prices. This is not true. He finds those levels which are acceptable to the public, and he purveys goods at those levels.

As to the present situation of the price structure, retailers are not entirely in accord, but most retailers agree that the

continued talk of manufacturers about fantastic further price increases is leading us toward a price structure some time in the Fall that would be unacceptable to the public.

We do not know with certainty what the average spendable income of the American family is today. We feel sure that it is considerably below the level of 1929.

We also consider that the curtailment of Government spending may involve a lessened immediate purchasing power.

With these considerations in mind, most of us feel that further sharp price advances would encounter stiff consumer resistance.

Should prices go much higher, and should they prove not acceptable to the public, the retailer may have to stress his lower price brackets.

The relative success in the past two years of Bargain Basements may hint at this as one solution. The retailer may, paradoxically, find that his high price brackets prove fertile ground for exploitation because of the obviously increased purchasing power of those people who are again receiving profits from investments.

Simplification suggested

TOGETHER with these shifts of promotional emphasis, he may, and probably will, insist that the manufacturer simplify many articles which have been over-refined through the depression period.

None of these may prove to be the solution. Much higher prices may prove acceptable. The majority of retailers fear that this will not be the case. This does not place them or me in the rôle of prophets. We simply intend, as prudent business men, to proceed with extreme care. All I am sure of is that the price problems will be settled not by the manufacturer or retailer but by the public.

Reviewing fair trade acts enacted in at least 33 states, Albert Haring, Professor of Economics, Lehigh University, declared that "retail price control contracts offer no panacea to either manufacturer or distributor." He said:

Both the Robinson-Patman Act and the Fair Trade Acts have a similar theory behind them, a theory which is basically sound. The problem is that of

overhead costs. If a manufacturer had an average overhead of ten cents a unit, it was possible for him, before the Robinson-Patman Act, to place eight cents or nine cents of overhead on the units sold to chains while prices to independents bore 11 cents or 12 cents. When, in turn, the chains placed less than average overhead on this same merchandise in pricing it for sale, they could sometimes sell for less than the price at which independents bought. The principle invoked by the new laws is to make the manufacturer place an average overhead on each unit and to make the retailer place his average overhead on the same unit. If, as claimed, the chains and other large operators are more efficient in moving merchandise, they will still be able to sell at lower prices than the independents.

The real problem facing the owner of a national trade-mark is how to meet the competition of private brands and unbranded merchandise. The Fair Trade Acts give a new emphasis to such competition.

Retail support, which is vital in obtaining successful distribution, will be more difficult than ever to obtain.

The retailer faces the fact that, given any decent guarantee of honest quality in mass merchandise, the American consumer will buy the goods which cost the least. From 1920 to 1930, chains and other price retailers pulled in the customers by slashing national brands to subnormal, frequently profitless, levels. Naturally, they preferred to sell merchandise carrying longer margins; hence private house brands were developed and, when feasible, substituted for the national brands. Ordinarily these private brands were priced under the national brands with which they competed, although it was not uncommon to have excellent quality private brands priced over the national brand after it was slashed in price. Under these circumstances, the national brand gained through the increased sales induced by the low prices when substitution was negligible and lost when it was largely successful.

The independent dealer, while this was going on, faced a dilemma. He could maintain his prices and lose business, or meet chain prices and likewise try to substitute a longer margin private brand. In the marketing of private brands, however, large size seems to be an essential for success; the independent has been very restless.

Into this interplay of brand competition have been introduced those new elements, the Robinson-Patman Act and the Fair Trade Acts. If the syndicate enjoyed unfairly large discounts in the past, these will no longer be permitted. If nationally branded merchandise has been cut to unreasonable levels, the manufacturer can not set a minimum retail price. Should he proceed to do this? If so, what minimum price should be set? For each individual concern the solution is likely to be different.

To solve successfully the price problem of 1937, the manufacturer must first squeeze out surplus promotion costs, learn and meet the quality requirements of his market, and then choose methods of distribution which do not involve too much competitive waste. In discussions of the past few years the cost of excess competition has been, possibly, under-emphasized. Throughout the marketing field, however, control of distribution has been quietly and unobtrusively expanding. The reasons for this development are clear. Too much brand competition in wholesale and retail outlets. Too many

salesmen's calls for small orders, and too much emphasis upon multi-brand competition rather than upon creative building of markets—all of these are expensive and demand unduly large margins.

In view of new rules of competition laid down as a result of passage of Fair Trade Acts and the Robinson-Patman Act, Professor Haring suggested that a number of modifications in distribution methods would occur:

1. An effective, although possibly slower, weeding out of the inefficient.
2. A general fall in the prices of national brands to meet private brand competition.
3. A tendency for manufacturers to limit distribution to outlets with similar costs.
4. Systems of sales promotion where manufacturers give distributors a strong incentive to carry only one brand, or at most only a very limited number of brands.
5. Manufacturers reaching out to con-

trol outlets, not necessarily through ownership and operation, possibly only by cooperative agreement.

6. A significant increase in the amount of private brand business done by chains, department stores, and other large operators.

7. A considerable, but far from universal, use of price contracts with minimum prices, except for very low turnover items, from five to 20 per cent below full list prices.

8. More stability in manufacturing and distribution with operation at narrower margins and great rewards for enhanced efficiency.

Following a discussion of the Robinson-Patman Act by A. W. De-Birny, attorney for the Federal Trade Commission, members of the audience asked many questions, indicating that, even after almost a year, business men remain puzzled as to the application of the law to many ordinary business transactions.

Construction's Recovery Problems



John H. Jink

WITH A. P. Greensfelder of St. Louis presiding, the recovery problems of the construction industry were discussed from a number of important angles at the round table meeting on this subject. After stating that the construction industry is now operating at less than 50 per cent of its normal rate, W. A. Klinger of Sioux City, Iowa, President of the Associated General Contractors of America, devoted his paper to an analysis of the factors retarding the industry's recovery, including "day labor in construction, particularly Works

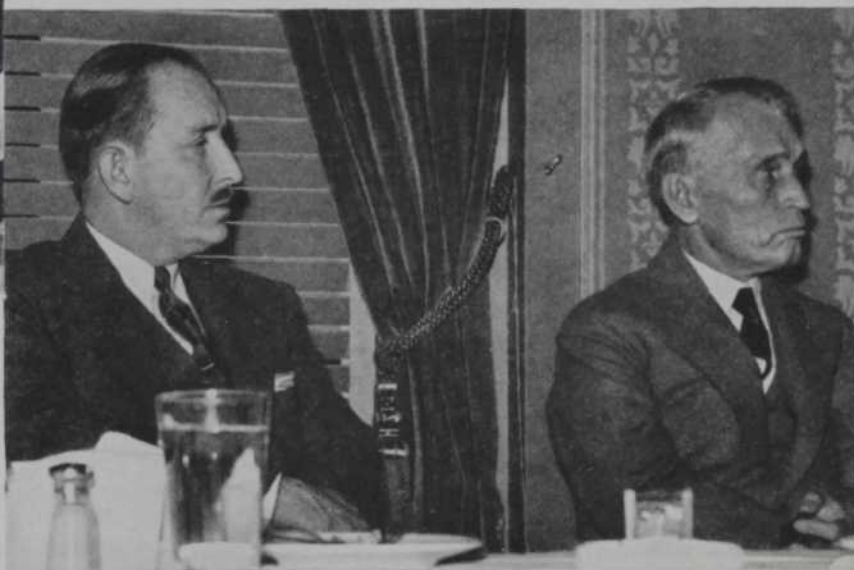
Progress Administration, the sudden cessation of federal government participation in the financing of structures by local tax units, and hesitancy of private capital." He offered the following suggestions for overcoming the wastes of the work-relief program:

1. The Government should adopt, as a substitute for WPA and at the same or less cost, a

their own labor—no more, no less than they need. Let them get real work out of this labor. Let them restore the joy of accomplishment once inherent in the American laboring men.

2. Feed and shelter the rest of the unemployed on home relief. Let them look for whatever kind of work they can get. Encourage them to get off relief by making it easy to get back on relief when the job is finished.

Such a program is in trend with recovery. It fits present economic conditions. It offers employment equal to the present setup, but it puts that pay roll



John McC. Mowbray (left) and Homer Gard in an attentive moment

regular program of genuinely useful public works—buildings, bridges, highways, flood protection, dams, etc.—perform this work under Mr. Ickes' Public Works Administration, and other government agencies that let their jobs to private contractors. Let the contractors hire

back in private industry where it belongs. It would wipe out the greatest single barrier to the recovery of the nation's second largest industry, the misnamed Works Progress Administration.

Citing the surplus tax feature of

the Revenue Act of 1936 as the greatest single legislative blow to the construction market, Mr. Klinger explained its effects, as follows:

Generally speaking, private construction money comes from one of two sources; new capital or surplus accumulated from profits. Functioning under a tax law primarily designed to prohibit accumulation of surpluses puts a tremendous check on all that vast construction volume that came from the natural growth of thousands of small and medium sized industries and businesses. These still make up the great bulk of America's business volume, and formerly were the greatest single contributing factor to America's construction volume. To pay a premium up to 27 per cent for impounding money for plant expansion is prohibitory. Neither are these businesses such as normally go into the market for funds. Even when they are in corporate form they are closely held and rather than extend ownership by the sale of stock, the owner foregoes the expansion. Each such decision cuts down the construction market. Even big business has done little financing under the new regulations governing the sale of securities. Only such plant rehabilitation and expansion is being done as is absolutely necessary and will produce unusual returns on the capital invested. The Associated General Contractors of America at its February convention recognized this condition and petitioned Congress for relief from this situation.

John McC. Mowbray of Baltimore, Chairman of the Housing Committee of the National Association of Real Estate Boards, discussed the need for clarification of the federal Government's housing activity and the development of a positive national housing policy. He said:

Whatever that policy may come to be in detail, its core must be positive, not negative. Slum elimination is not enough. Elimination of sub-standard housing for low-income groups is not enough. The core should be decent housing for every family, with home ownership made possible to every family of reasonably stable income expectation, whether that income be large or small.

This is the axis:

In practice, the question of whether or not a family can undertake home ownership depends on the relation between the family's expected income and the total monthly or yearly carrying charge that would be entailed in buying the home. What matters is the amount of the monthly or yearly carrying charge they must meet, rather than the total amount of the capital investment involved.

The principal carrying charges are three:

1. Interest
2. Amortization required
3. Taxes

It follows that the most effective way to broaden the market for new dwellings is to cut down these carrying charges.

After discussing various proposed methods for lowering the costs of home ownership, including broadening the home loan bank system, the development of mortgage associations under the Federal Housing Administration, and establishment of a central mortgage bank, he stressed the importance of careful examination of local situations. In that connection he



A. J. McKenzie, William P. Witherow and Howard W. Greene hear the discussion of the construction industry's future

offered the following suggestion with respect to the Wagner Housing Bill:

The work of any federal housing authority such as is now proposed in Senator Wagner's Housing Bill might best be centered on assisting every individual city to set up a housing commission to study its own needs. The federal authority could give the localities a general working plan so that what we find in one city could be compared with what we find in other cities. The federal housing authority might well be empowered to match its funds with the localities dollar for dollar to make a thorough study possible.

We have probably 500 cities which might set up such commissions. This proposed authority might effectively be attached to the Federal Housing Administration. If set up in this way and with this specific objective, it would require only a comparatively small appropriation. Five million dollars should suffice.

Once the local commissions are organized, they should be called together and their suggestions be obtained with respect to the next legislative steps, and the kind of financial help that they can effectively use to the end of setting up decent housing conditions for all our people and for all our cities.

For neighborhood improvement

MR. MOWBRAY brought forward the following suggestion for encouraging the rebuilding of blighted areas by private enterprise:

In moving toward the elimination of slums, succeeding legislative steps will, so far as we can see, involve problems of land acquisition where slums are to be destroyed, probably creation in some form of public utilities housing companies, and certainly the development of some instrument for neighborhood improvement.

My own Association under its Committee on Housing, with the aid of city planning groups, federal and city officials and the active interest of a committee of the United States Chamber of Commerce, has just completed the redraft of a proposed act which would authorize neighborhood protective and improvement associations to take effective action to better the

neighborhood character. Our older home neighborhoods, new neighborhoods improperly protected, as well as regions that are badly blighted need such an instrument if scattered individual owners are to be induced to put money and effort into the rebuilding of our cities or are to be safeguarded in that investment.

The need for immediate and vigorous attention to vocational and apprentice training both by industry and public authorities was stressed by John H. Zink of Baltimore. Mr. Zink is President of the Heating, Piping and Air Conditioning Contractors' National Association, and a member of the President's Committee on Vocational Education. After pointing out the inadequacy of vocational training programs in American cities as compared with those abroad, he said:

The combined efforts of industry, labor, and the schools should be coordinated and directed to a well planned vocational education program that is adequate quantitatively and qualitatively to meet the needs of modern business and industry.

Mr. Zink also made this suggestion:

It occurs to me that the United States Chamber of Commerce could well assume national leadership for us. It is truly representative of trade and industry as a whole; it has the facilities to do the work and to represent us here in Washington, and it can readily put its hands on many capable business men who would willingly make a real service contribution to this important undertaking. I do not believe anyone else can do this work for us quite as well as we can do it ourselves.

The round table adopted a resolution "urging business organizations actively to re-interest themselves in promoting training programs," and advocated support for "appropriate measures to further federal cooperation with state and local vocational and apprentice training agencies."

Review of Twenty-Five Years

By MARK SULLIVAN

Author and Historian



Mark Sullivan

I DON'T want to create the idea that I know from the past 25 years what is going to take place in the next 25. I am far from it. I am not sure but that to some extent my own study of the period creates doubt, in spite of having lived through it, studied it and written about it. All I am going to attempt is to review the past 25 years. It can be reviewed from various points of view. I am going to review it from the point of view of a few of its popular songs.

You recall that in the year in which this organization was founded you were listening to "Alexander's Rag Time Band," composed the year before. Many of you were dancing an extraordinary contortion called the bunny hug, and a lovely ballroom waltz called The Hesitation.

But by the time this organization was three years old the great war was on in Europe and many of us sang a song that came to us across the ocean, "Tipperary." The war had not touched us yet and we thought the war a glamorous and romantic thing.

Presently, however, by the time this Chamber was five years old, we were in the war ourselves, and we sang "Over There." After we had been in the war a year or so it seemed a little more grim and we were singing "There's a Long, Long Trail" and "Keep the Home Fires Burning." Still later we found it desirable to admonish ourselves to "Pack Up Your Troubles in Your Old Kit Bag and Smile, Smile, Smile!"

But in due course the war ended and those of you who were in it came back from France singing "Madelaine from Armentieres" and "How You Goin' To Keep Them Down on the Farm, After They've Seen Paree?" However, we all settled down to our farms and our businesses and began to sing popular songs of a new kind. For a while in the early 1920's it was "Yes, We Have No Bananas!"

In 1922, when your organization was ten years old, the tune was "Mr.

Gallagher and Mr. Shean." The two heroes, Mr. Gallagher and Mr. Shean, taught us the vocabulary of commercial negotiation in the refrain: "Positively, Mr. Gallagher, absolutely, Mr. Shean."

"Barney Google"

A YEAR later, in 1923, it was "Barney Google." Barney Google might have qualified for membership in this Chamber. Barney owned property.

By that time your organization was completing the years of adolescence and your members as individuals were getting middle-aged. Probably you were past the time of singing popular songs. But there was one song in the late 1920's which I am confident all of you heard and some of you sang. Expressing the spirit of the boom years this song was called "My God, How the Money Rolls In!"

The whole spirit of that paean of prosperity was applicable to the entire business world of 1928.

But about three years later you were singing a different tune! "Brother, Can You Spare a Dime?" Well, you sang that until in 1932 another song gave you a musical vision of hope. It came during Mr. Roosevelt's first campaign for the Presidency. It was the candidate's theme song:

"Happy Days Are Here Again!" After "Happy Days" had been here for two or three years, about 1935, we sang a song of a new and different type. It was called "The Music Goes Round and Round." It is still with us.

Well, a good many things besides music seem to go round and round.

But you did not invite me here to recall popular songs to you and certainly not to sing them. So I pass to something more in keeping with the austere function of the historian of present-day America! I am going to call your attention to some slogans that had high vogue in the 25 years of the existence of your Chamber. All of you heard these slogans and I

suspect most of you believed them. In 1916 you saw a President elected on the slogan, "He Kept us Out of War." Exactly five months later you saw the country at war. About that time, in early 1917, you all heard and most of you believed that the war we were in was a "War to End All Wars" and also a "War to Make the World Safe for Democracy." Speaking to you 20 years later, I withhold comment.

After the war there were other slogans or chance phrases which the newspapers or the public turned into slogans. President Harding said, "Back to Normalcy."

Then there was a remark of President Coolidge, speaking about the debts owed to our government by certain European governments. "They hired the money, didn't they?"

In the boom years of the late 1920's there was a slogan most widely believed in by all. Do you remember those words, "New Economic Era?"

What those words mean I do not need to explain. The meaning was put in other words in another phrase almost as widely current: "New Economic Plateau."

That meant that in 1929 America was on a new level of prices from which we would never descend. We were going to have perpetual economic sunshine. You believed that and

you had your ensuing headache in the cold gray dawn of the morning after.

But we were not cured of our faith in slogans. The next one came in 1931! "Prosperity is just around the corner." But still America believes in slogans. There was one that blazed over the country in the late fall of 1932. It was one word, a kind of mystic word: "Technocracy." I absolve this audience of having believed in that particular slogan, but I suspect a good many of you put your faith in a slogan that came a little later, a slogan called "The More Abundant Life." And with this slogan came a corresponding symbol, a symbol that for a while took the country off its feet, swept all before it, "The Blue Eagle."

It was succeeded—but I must stop unless I become involved in questions of current controversy.

While I am dwelling for the moment on misplaced confidences of the past 25 years, I ought to enumerate briefly a series of events in the world of statesmanship which turned out to be a little on the acid side. First there was the Paris Peace Conference which wrote the Versailles Treaty which was going to make Germany pay reparations. Pretty soon we were aware that there was some difficulty about reparations, so there was a conference to iron it out. From that conference something emerged, "The Dawes Plan."

Within a few years we understood the Dawes Plan didn't work so another conference. That resulted in the "Young Plan." Pretty soon another phrase was blazing in the headlines: "German Moratorium." After that and before that there were the "Geneva Pact," the "Locarno Pact," and the "Kellogg Pact." Finally there was the London Economic Conference.

Learning and unlearning

DURING your quarter century of existence you have learned a lot and, if you have the capacity for wisdom, you have unlearned a lot.

When you came together in 1912 you thought many things were so which turned out to be not so at all. You thought that, except by use of a telephone, a man couldn't make his voice heard a great distance.

Not many years before 1912 you were sure that man could not fly.

So I urge you: Be not too confident of the impossible. Both the impossible in achievement and the impossible in calamity can happen.

But in spite of the frequency of error to which I have called your attention, one thing of superlative importance has been going on during these 25 years. It hasn't come to an end yet. I think the major thing that has arisen in these 25 years is that a new conception of society and government has come into the world, and

this new conception is in competition with the old conception.

I can describe the coming of the new conception by first briefly alluding to our familiar American form of government. We established it in 1789. For some time the world looked upon it as a novelty, and then the world began to imitate it. Until the year 1917, every time any country changed its form of government the change was in the direction of the American form.

We in America felt up to 1917 that we had the best form of government in the world and, by imitation, the rest of the world confirmed our complacency. Then abruptly in 1917 this imitation stopped. Something new came into the world. In Russia some ingenious leaders introduced a form of government utterly new in the world, called Communism. Five years later in Italy a forceful and adventurous man brought on a form of government called Fascism. Ten years later in Germany an impassioned man with a gift for moving people to emotion brought about a form of government called Nazi. These three experiments differ in some respects, but they are all variations of a single basic conception.

I think the thing we will need to be most concerned about in America for some time to come is whether that new conception of society and government is in danger of reaching us here by infection or by panic. The solemn truth is that during 20 years since 1917 democracy everywhere has been in retreat. It has been doomed in so many European countries that Communists and Fascists regard it as doomed everywhere. The fight between Communism and Fascism is merely a fight to see which shall occupy the soon-to-be-vacated throne of democracy. That, I suspect, is the thing that America will need most to pay attention to for the next 25 years.



George H. Davis (center) and John A. Law consider a question propounded by Adolph Sleicher (left)



Arthur M. Hill and William K. Jackson (nearer camera)

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who direct the policies adopted by

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A Declaration of Business Policy

Summary of Resolutions Adopted by the Annual Meeting

Government Reorganization

REORGANIZATION of the executive branch of the federal Government can effect important economies and improve the efficiency of federal agencies. Proposals for reorganization, extending to all departments, bureaus, and independent commissions, raise questions of much importance to the fields of business. The Board of Directors of the Chamber may very appropriately appoint a special committee on government reorganization, to consider the principles which should be followed and analyze concrete measures which may be brought forward.

Service To Exporters

REVIVAL of international trade, the negotiation of reciprocal trade agreements, and international efforts for currency stabilization and for removal of foreign exchange restrictions make highly important the maintenance by our Government of an accurate and prompt information service to foreign traders.

Government Contracts

THE federal Government should return to its long established policy of competitive bidding in its purchases of manufactured goods with only such restrictions on purchases made from private enterprises as may be necessary to assure faithful performance of contracts. Experience under the present Public Contracts Act has demonstrated the impracticability and impropriety of this form of federal regulation of working conditions. Pending proposals for extension of this statute, both as to the enterprises affected and as to the working conditions to be regulated, would increase rather than lessen the objectionable features of legislation of this character.

Federal Expenditures and Indebtedness

NOTWITHSTANDING greatly augmented revenues, now the highest in peace-time history, the annual budget deficits have not decreased proportionately because expenditures have steadily increased. The deficit recedes with disappointing slowness. Unless expenditures are materially curtailed, any revenue program designed to obtain an early balance of the budget will fail of its purpose. The upward trend of expenditures should be reversed in order to end deficit financing, obtain order in the fiscal affairs of the Government, protect the holders of its securities, and lessen the dangers from undue expansion of credit.

In view of the improved business situation, with the greatly enlarged opportunities for employment, the recovery and relief activities of the Government, including work-relief and all others which compete with private enterprise, should now be rapidly diminished and expenditures placed on a more normal level which can be supported by a reasonable tax structure.

A rigorous control of appropriations by the Congress and of expenditures by the Administration would permit an early balance of the budget, including requirements for the debt sinking fund, without additional taxation, and such a balance should be sought for the next fiscal year. Retirement of the unprecedented debt should thereafter proceed at an accelerating rate.

Every business man, every organization of business men, and every community should throw their influence

to obtain a reduction in federal expenditures and should refrain from requests for new expenditures for any purpose.

Agricultural Imports and Exports

THE principle of reasonable protection for forms of agriculture of concern to any section of the country and subject to destructive competition from abroad has been repeatedly declared by the Chamber and is again emphasized. In all tariff considerations and all treaty undertakings the Government should at all times be governed by this principle of reasonable protection for domestic agriculture. There should be constant vigilance upon the part both of the Government and of agriculture and the businesses associated with it to detect instances of unfair competition in domestic markets from foreign products, as well as to identify opportunities for recovering and expanding export trade. Whenever unfair competition is found, the existing facilities of the flexible tariff should be promptly used to provide a remedy.

In domestic policies tending toward control of production or otherwise affecting agricultural prices, due consideration should be given to policies prevailing in other important producing or marketing areas, in order that action taken here may not so encourage production abroad as to curtail part or all of our own export shipments.

Agricultural Credit

THERE should be adherence to the original policy which provided for borrower control of federal land banks. In the operations of such banks there should be observance of appraisal and lending policies which will tend to keep the risks involved commensurate with the rates charged to borrowers.

In the continuing federal farm credit system there should not be incorporated any loan policies which place a major portion of the risk directly or indirectly on the government.

Farm Tenancy

EFFORTS for the improvement of the economic and social conditions of farm tenants and for checking the growth of farm tenancy in the United States are approved in principle. Because of the number and variety of the problems involved the resources of federal and state governments, together with those of interested local agencies, should be applied to their solution. In any plans for facilitating the transition from tenancy to farm ownership provisions should be made to the largest practicable degree for the most careful selection of applicants, for the greatest exercise of individual initiative, and for local financial participation in the execution of such plans. In order to achieve these ends, a loan system should be adopted whereby the federal Government would guarantee a liberal percentage of the loans to be made by local private institutions.

Flood Control

THE policies incorporated in the Flood Control Act of 1936 should be maintained. These policies call for leadership on the part of the federal Government in undertaking a progressive program of flood control in cooperation with the states. In view of the extent in some instances of the burden upon state and local governments in meeting their part of the costs there should be

some alterations in the law to cause the costs borne by states and their sub-divisions to accord more nearly with the local benefits to be expected.

Planning and Executing Public Works

THE advance planning of public works has long been deemed a necessity as a public guarantee of efficient progress in providing for public needs and as a stabilizing influence on employment. The planning of public works, national, state and local, should be coordinated, and the planning and policy developing units should be composed of the administrative heads of those government agencies having the greatest experience in the planning of the various types of public works, supplemented by outstanding representatives of planning, design and construction from private industry chosen on the basis of merit and accomplishment.

Highway Policies

THE committee report on highway policies before the annual meeting is a timely restatement of earlier declarations, with some expansion in recognition of new conditions. The public welfare requires a nation-wide system of highways adequately improved and maintained. Highway programs should be based on comprehensive surveys, economic benefits of each highway, and proper relationship to the whole public budget, states being responsible for highways of general use, and lesser political units primarily responsible for those of local use. Federal aid should be applied only to highways of general use, and should be matched by state funds, with suitable exceptions in states containing large areas of federal land.

Programs for highways of general use should be financed as far as possible by highway users through special taxes or fees, none of the proceeds of which should be diverted from highway uses. Through routes within municipalities should receive reasonable allotments of user revenues. Programs for local roads and streets should be financed from general revenues or property assessments, augmented by a share of user revenues proportional to use.

Air Transport Regulation

INTERSTATE air transport, now as a whole deriving two-thirds of its revenue from passenger and express business, should be under appropriate regulation by the Interstate Commerce Commission. With due protection of interests of existing operators, all common carriers should be required to obtain certificates of public convenience and necessity.

Federal Regulation of Transportation

ALL interstate transportation for hire is affected with a public interest, and fairness to shippers as well as to competing carriers requires that all forms of such transportation should be under appropriate regulation confined to assurance of fair rates, adequate service and public safety, but avoiding interference with functions of management.

All such regulation should be under the Interstate Commerce Commission, with separate divisions to deal with different forms of transportation. In any reorganization of government agencies the Interstate Commerce Commission should remain an independent body, reporting directly to Congress.

All common carriers should be required to obtain certificates of public convenience and necessity and all contract carriers permits to operate. Operators of one form of transportation should not be barred by law from operating other forms when properly qualified by obtaining certificates or permits as required for other applicants.

The Interstate Commerce Commission should be relieved of its duty to maintain a comprehensive plan of railroad consolidation. Consolidation through voluntary action of railroad companies should be encouraged. Consolidation or joint use of terminals and pooling of equip-

ment and services should be developed through cooperation.

The undistributed profits tax should be made inapplicable to transportation enterprises regulated as to rates and charges and needing to reinvest substantial parts of their earnings in modernizing plant and equipment and to reduce indebtedness.

Supreme Court

ON EARLIER occasions when proposals have been made with respect to the membership and jurisdiction of the United States Supreme Court, the Chamber has declared its position in unmistakable terms. Questions of critical importance have again been raised and occupy the attention of the whole country. It is, therefore, most appropriate for us to restate as applicable to these current conditions the positions which the Chamber has consistently maintained regardless of the source of proposals.

Experience has demonstrated that ours is the best form of government yet devised for a free people. The three departments of government—the legislative, the executive, and the judicial—each has its separate functions. There should be no encroachment by any one department upon the functions of either of the others. The judicial department must remain free and independent, without any degree of effort on the part of either the legislative department or the executive department to affect the exercise of judicial functions.

We therefore oppose every measure which has as its purpose influence from the legislative or executive departments upon the decisions which the Supreme Court will render, in whatever terms such measures are couched, whether in relation to the number of members of the Supreme Court or otherwise. Neither the legislative will nor executive direction should in any degree replace judicial independence in the discharge of judicial duties. For like reasons, we oppose any effort by other branches of the government to minimize the power, or diminish the jurisdiction, or limit the method of decision of the Supreme Court.

Corporate Surtax

THERE is a growing accumulation of evidence that the tax on undistributed corporate earnings in its actual operation produces unevenness in taxation, restricts normal business development, limits the growth of small enterprises, and retards increase in employment.

If this tax is to be retained, Congress should at once give consideration to alleviating some of the outstanding hardships and inequities which are apparent. Alleviating measures should include allowances not now permissible for losses and reasonable reserves actually established to the end that taxable income and true income may correspond more closely; allowance for reasonable amounts actually expended for improvements and necessary expansion; amounts set aside to meet contractual obligations or restore depleted capital, and provisions to carry losses forward a reasonable number of years.

Capital Gains and Losses

THE present law which taxes capital gains at prevailing income-tax rates, while limiting the right to deduct losses, is both on its face and in application unfair and inequitable. The economic effects are emphasized by the present high tax rates on gains which discourage sales of capital assets, thus creating an artificial and unwholesome situation, with losses in tax revenues.

In principle, both capital gains and losses should be ignored for income-tax purposes.

Income-Tax Convention With Canada

ON DECEMBER 30, 1936, a convention between Canada and the United States was signed for reciprocal concessions with respect to tax levied by one upon income derived from a source within its borders by a resident of the other. This action is in accordance with provisions

advocated by the Chamber for reduction of double taxation, and in promotion of good relations between the two countries. The convention should be ratified.

Employment

ESTIMATES of unemployment on a national basis are necessarily inaccurate and lend themselves to exaggerations. Experience with attempts to obtain accurate figures on unemployment through census methods has been disappointing. It is therefore urged that immediate emphasis be placed upon employment where emphasis belongs.

Employment is necessarily a local matter, with many local variations, seasonal and otherwise. It is now clear that employment has progressed to a point where private enterprise will require workers now on work-relief projects as they can be trained in accordance with their abilities. Work relief as provided by the federal Government should be brought to a close through those gradual steps which should always be taken when adjustments are to be made upon a considerable scale, and there should be expansion of facilities in the states and communities for young people, and for workers desiring to increase their skill, to obtain training that will fit them for employments through which they can increase their standards of living in accordance with their own capacities and diligence.

Employment Exchanges

EFFICIENTLY operated employment exchanges perform a valid and useful economic function.

Operation of free employment agencies is a proper function for state and municipal governments.

Employee-Employer Relations

FOR CONCERN of employers for the welfare of their employees, and concern by employees for the welfare of their employers, there can be no substitute. Neither measures nor policies which ignore this essential fact can bring the benefits to those who are directly engaged in productive enterprises and to the public that should accrue from employment in useful work in all of its forms.

To assure maintenance of public order all persons—employers, employees or others—should be equally and immediately amenable to the laws existing in all states against breaches of the public peace.

The laws of the states should be extended to include provisions directed specifically against concerted action, whether or not accompanied by disorder, directed by individuals, groups, or organizations to bring any degree of coercion through economic channels upon the public or upon public authorities—legislative, executive, or judicial.

Inasmuch as corporations are not permitted to make political contributions, it should be in order that employees' organizations be similarly restricted.

Protection of personal rights should be maintained against all unlawful interference.

Every form of coercion and intimidation should be outlawed in order that each person may be safeguarded in his decisions with whom, if anyone, he will associate, in lawful ways and for lawful purposes, in connection with his occupation or business and in all other connections.

The right to picketing should be limited to giving information and should not be permitted to include any actions that will cause reasonable apprehension in the mind of any person that there will be injury to himself, or any members of his family, personally, or with respect to property, business, or employment.

With regard to public utilities, employers and employees should be held amenable to an orderly procedure for settlement of all employment disputes through arbitration.

Strikes and lockouts should be placed beyond any possibility of occurrence in the relations of the Government—federal, state and local—and its employees.

As the public, wage earners, and legitimate labor organizations are all affected by, and should be protected

against, irresponsible action in labor controversies, both organizations of employees and organizations of employers, negotiating labor agreements, should be publicly registered.

It should be recognized that unfair labor practices by employees' organizations are possible and may be as productive of labor strife as the acts of employers now prohibited by the Wagner Act. The administration, therefore, of laws should recognize this fact and rulings should be governed thereby.

The Board of Directors should immediately make provision for presentation of the desirability of amendments to the National Labor Relations Act which will safeguard and protect the interests of employees, employers, and the public by defining labor practices which are unlawful when engaged in by employees, employers, or other persons. Legislation should also be urged that will establish responsibility for the acts of labor organizations.

Social Security Act

VOLUNTARY measures for giving to workers greater security in their old age and against the hazards of

unemployment have been previously advocated by the Chamber as being advantageous both to employers and employees and in the public interest. The Social Security Act is a federal legislative enactment for such purposes. In the present Act, however, are provisions which, if left unchanged, would jeopardize the accomplishment of its purposes.

If legislation is to continue to be used for providing pensions to aged workers upon retirement from employment, the operation of a compulsory, contributory, old-age benefit plan for employees of industry and commerce offers a means for obtaining general and uniform application. Consideration of extension of the present system to other classes of workers should await the working out of successful administrative procedures and correction of defects in the financial structure of the system.

In the federal old-age benefit plan there should be avoided any appearance of dependence upon actuarial reserves for the reason that such a procedure is inconsistent with government operation of such a benefit system. Sums currently collected in taxes beyond the amounts currently disbursed for benefits should be regarded as liabilities and should be clearly shown as such in the published statements of the government's financial position.

To avoid accumulation of a reserve fund inconsistent with government operation, there should be prompt amendment of the law to retain the special taxes on employers and employees at the initial rates of one per cent each for at least ten years. Subsequently tax rates should be so adjusted as to place the plan substantially on a pay-as-you-go basis, with suitable provisions for a moderate contingency reserve to offset fluctuations in current tax receipts.

The proper purpose of government-operated pension measures is to enable workers upon reaching retirement to avoid dependence upon public relief. This purpose should be maintained, and there should be reliance upon private plans and individual savings for any supplementary income for retired workers. All payments made by employers and employees in the form of contributions to private employee-benefit plans, and all benefit payments to recipients should be free from taxation—federal and state—in order that all money intended for the benefit of workers will be devoted to that purpose exclusively.

The federal unemployment compensation tax imposed upon employers' pay rolls extends beyond the compensation of those classes of employees who by reason of the scale of their wages presumably would be in need of assistance in the event of intermittent unemployment. The basis of this tax should be made the same as the basis for the other federal pay roll tax—i.e., earnings up to \$3,000 a year for any employee.

State unemployment compensation laws contemplated by the federal provisions as to unemployment should contain provisions for differential tax rates to provide

an inducement for enterprises and industries to maintain the highest practicable degree of stability of employment.

Contributions by employees covered by federal and state plans for old-age benefits and unemployment benefits should always be required.

Antitrust Laws

POSITIONS taken through referendum five years ago with respect to antitrust laws are reaffirmed.

There should be such modification of the antitrust laws as would make clear the legality of agreements increasing the possibilities of keeping production in proper relation to consumption, with protection of the public interest at all times through government supervision of such agreements. There should likewise be opportunity for business concerns desiring to combine to ascertain from a suitable government authority whether or not there will be violation of the antitrust laws.

The circumstances of the natural-resource industries warrant special treatment for them.

Trade Relations

THE PRINCIPLE of the trade practice conference procedure of the Federal Trade Commission is

endorsed as a useful and proper means of promoting better standards of business and the elimination of unfair competitive practices. There should be a full examination of the possibilities of the trade practice conference procedure by each industry desirous of raising the level of its competitive standards, in order that it may properly evaluate the benefits which this method offers under the conditions confronting the industry involved.

Robinson-Patman Act

THE FEDERAL legislation of 1936 known as the Robinson-Patman Act amplifies the earlier provisions of the Clayton Act with respect to differences made by sellers of merchandise in commerce. The drafting of any statute undertaking to establish criteria in so many fields and under so many diverse circumstances has left such uncertainties that sellers in every field are entitled to have the applications of the statute made plain. The Federal Trade Commission has initiated a series of exploratory cases, through which it is hoped the numerous provisions of the law will be judicially interpreted.

While this process is going forward, manufacturers and merchants should be free from the menace of treble-damages, and there should be no further attempts to enact other legislation of this type. We accordingly believe that Congress should take action to permit the remedies of three-fold damages at private suit to be available only as to those practices which are used after they have been found by the Commission, with concurrence from the courts, to come within the prohibitions of the law. We believe also that enactment of additional federal or state legislation respecting price differences should be postponed until the practical applications of the Robinson-Patman Act have been worked out, by the Commission and the courts, and uncertainties which now exist have been replaced by definite standards that all can be expected to understand and follow.

Price-Making Methods

PROPOSALS for legislation which would attempt to deal with methods used by manufacturers and merchants in reaching their selling prices, by forbidding selling at delivered prices, have been carefully examined. Such a prohibition would restrict the sources of supply available to buyers, restrict competition in other ways, tend to raise prices, and restrict markets for sellers. Any attempt, through legislation or otherwise, to prohibit selling at delivered prices should be opposed.

Interstate

Trade Barriers

IN ORDER that every part of the country may have its greatest opportunity it must have the fullest possible access to all parts of the domestic markets in the United States. Preference established by law, discriminations against business concerns, corporate or otherwise, of

other states, and movements to discriminate against products from a distance should have no place in the United States and are inevitably harmful locally as well as to other parts of the country. Business men should seek to have the laws of their states conform to the principle that no discriminatory impediment should be placed upon the normal and legitimate methods of merchandising within their borders the products of other states.

Retail Merchandising

IN ITS legitimate forms and methods, retail merchandising should be free from unjust and discriminatory laws, local, state and federal. We condemn any such unjust and discriminatory laws, and recommend to business men's organizations in all the states that they oppose all proposals for legislation which would contravene these principles.

Supervisory Powers

ALL STATUTES, state or federal, dealing with the supervision or regulation of financial institutions and similar fields of business should define the powers given to the supervisory authority. Where blanket powers are conferred by statute they are later elaborated in rules and regulations by the supervisory body, not subject to the review of the legislature conferring the powers. In effect, such rules and regulations become law. Legislation should not occur by regulations, but by statute.

Valued Policy Laws

VALUED policy laws, which make the full amount of the face of a fire insurance policy the legal measure of damages in the event of loss rather than the actual loss sustained, are unnecessary and of no benefit to claimants. They contravene the basic theory that the fire insurance contract is one of indemnity only; furnish temptation to arson for profit, and aggravate the already excessive fire waste.

Workmen's Compensation Laws

WORKMEN'S compensation laws were designed to replace liability due to negligence with liability regardless of fault. Particularly in recent years, workmen's compensation has been extended to private benefits that belong in the field of health, accident, old-age, and even unemployment insurance. Amendments made in such laws and administrative rulings have gradually in many instances made benefits unduly high in relation to wages. Inclusion of occupational diseases has likewise increased costs. Legislative proposals in the states should be opposed by business men and their organizations whenever such proposals would cause workmen's compensation laws to be utilized for purposes other than those important purposes for which this type of legislation has been enacted.

Other Subjects

MANY other subjects were referred by the annual meeting to the Board of Directors in order that in each case such further provision as may be appropriate may be made for examination and study to bring out any reasons for action which should be taken at a later time.

These were:

Corn Utilization Research, Crop Insurance, Control of Agricultural Production, Tariff Determinations in Relation to Domestic Agricultural Production, Alaskan Air Mail, Aliens in the United States, Americanization, Cable Rates, Child Labor Amendment, Export Trade Statistics, Government Competition, Grain Elevators, Home Census, Home Ownership, Lake Michigan and Saint Lawrence Seaway, Loans for Industrial Construction, Railroad Rates, Referendum No. 58, Referendum No. 60, Sanitary Agreement with Argentina, Excise Taxes on Imports, Excise Taxes on Automobiles, etc., International Preferential Tariffs, Western Development Program, Tourist Travel, Imports of Sugar, Trade Agreements, Unemployment, Merchant Marine, Consolidated Returns.

The Hotel Business Blooms Again

By LESTER VELIE



Pressure for rooms has led to establishment of the "club lounge" where guests waiting for rooms may change and bathe

THE time is eight o'clock any Monday or Tuesday morning. The place is Manhattan's skyscraper New Yorker Hotel. Into the lobby hasten porters who remove lounging chairs and clear a wide area. Almost on their heels from half a dozen entrances scramble travelling salesmen and pert commercial buyers. In no time at all they form four jostling queues that flow from the room clerks' windows out across the lobby. Nimble fingers start slipping room cards into crowded racks faster than you can say "room with bath, please."

Change the time and place but retain the scene, and you can fit it into hundreds of representative hotels throughout the nation. It is part of the exciting picture of reviving hotel trade—so exciting that the nation's hotel men are still shaking their heads at the wonder of it.

Take room occupancy for instance. For 1936 patrons took 93 per cent as many rooms as they did in 1929. In doing so they filled an average 65 per cent of available hotel space.



Returning good times put travellers on the road, boosted hotel business, inspired \$136,000,000 program of modernization

This figure is important, because 65 per cent is just about what hotel men consider normal hotel occupancy. True, rates have not moved forward as smartly as demand for rooms. They are still 75 per cent of the prices charged in 1929, but they are up four per cent over 1935 and are moving up rapidly. Furthermore, income from restaurants has catapulted to within 11 per cent of the 1929 boom showing. Income from wines and spirits, which sped the restaurant comeback, is now making it possible for hotel men to look tax col-

IMPROVEMENT in the hotel business is good news for business generally because few other industries so accurately register the country's economic pulse. Here are some of the reasons for the improvement and some of the problems it brings

lectors in the eye, and even on occasion to wave an unembarrassed greeting to bondholders and mortgagors.

These facts indicate the upward surge of a long suffering industry. Much more impressive, however, is the fact that the industry this year is spending \$136,000,000 on modernization. That is to say that America's ninth largest industry this year will spend money as it never has before to refurbish buildings; to install air conditioning (\$2,200,000); to stock up on new furniture (\$23,790,000); to install kitchen equipment

(\$14,000,000); to replace bedding, china, glassware and a score of other hotel needs. Last year's modernization bill, considered epochal at the time, totaled only \$100,000,000. Normally hotels spend 50 to 60 millions yearly for replacements.

The prospective spending of \$136,000,000 is of course big news to contractors and merchandisers who benefit directly from hotel buying. But it is just as good news to business generally, because no industry better registers the economic pulse of the country than hotel keeping, and a thriving hotel business indicates a healthy state of affairs all around.

Consider 1933. For the men who manage the nation's hostelries the low that year was a doleful low indeed. Ruefully they watched nine out of every ten hotels in the country fall into financial difficulties which eventually led to reorganization or to deals with bond or mortgage holders. Paradoxically, mortgage defaults and subsequent reorganizations eventually proved a boon, since hotel properties gravitated to strong financial hands of first mortgage holders,

bankers, insurance men, who promptly spent substantial sums to rehabilitate run down properties.

In the first half of dark 1933, out of every 100 hotels, 32 failed to earn their taxes, and 15 out of every 100, after meeting operating expenses (exclusive of taxes and interest), lacked funds with which to pay wages. Appearance of the Blue Eagle that year, and the resulting boost in labor costs, piled the last heavy straw on the hotel industry's straining back. Luckily repeal unloosed a freshet of new income which offset partially the NRA load.

Operated for employees

TYPICAL of the times was one large trust company which operated five sizable hotels solely for the benefit of employees who accepted as pay whatever remained after actual operating costs such as heat, light and telephone were paid. The trust company was humane, to be sure, but the fact that the hotels remained open also illustrates the tenacity with which hotels cling to life. Relatively

fore the signing of the Declaration of Independence, it still flourishes after 237 years of crowded life.

The hotel industry's depression travail was no ordinary cyclical ailment. Even before 1929 the business of dispensing hospitality suffered two hammer blows which sent it staggering into a slump. These hammer blows were overbuilding and prohibition.

The rash of boom time building forced average room occupancy below the 70 per cent level which marks the dividing line between profits and losses, laid a dead weight on rates. In 1932, hotels were seldom more than half full, and rates which had averaged a little more than \$4 a room in 1927 slumped to an average \$2.88. Prohibition was equally devastating; it darkened restaurant properties, drove hotel patrons to speakeasies.

Hotel men could do little about overbuilding. They could and did do much about prohibition. In 1932 the American Hotel Association organized a repeal committee, put in charge the energetic Arthur L. Race of the Copley Plaza of Boston. With the zeal

Return of legal liquor revived restaurant and ball room business

Hotels turned artists loose to decorate bars, kept repeal organization intact to preach moderation



few were shut down during the depression for the important reason that hotels cannot be adapted to any other business purpose.

If you are inclined to doubt that hotels cling to life, consider the Beekman Hotel at Rhinebeck, N. Y. Founded 76 years be-

fore the signing of the Declaration of Independence, it still flourishes after 237 years of crowded life. of a crusader, Race formed committees in 48 states, organized hotel employees into effective political shock troops. With representatives in Washington and literature on the desk of every state and federal officeholder, the hotel men helped win repeal.

Then the hotel men translated the intelligence and energy with which they had fought prohibition into real

(Continued on page 154)

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THERE'S A BURROUGHS CALCULATOR FOR EVERY TYPE OF CALCULATING

Mr. Ball's Ambition

By HERBERT COREY

THE MAN who bought the tangled Van Sweringen properties because of "friendship" has rid himself of a huge tax burden

IN HIS seventy-fourth year George Alexander Ball did a spectacular thing. He bought for two millions of his own dollars the control of the \$3,000,000,000 Van Sweringen railroad empire.

In his seventy-fifth year he did another spectacular thing. He gave that control away. By this time it was worth \$6,375,000 spot cash.

Why did he buy it? Why, having bought it, did he give it away?

I think I have the answers. I had a long talk with Mr. Ball after the two Van Sweringen brothers—Oris P. and Mantis J.—died, and he found himself the operator as well as the controller of the properties. He told me then why he had bought control of the empire, as every newspaper writer and United States senator and wailer against the wall has called it. From that statement I think I can deduce with accuracy his reasons for changing the form of his control.

He bought the control because he thought it a fine, public-spirited, patriotic thing to do.

He turned it over to a charitable organization because he was fed to the teeth with federal taxes. As he said, if all a man's profits are taxed away from him and he only retains his losses he loses ambition. He did not get into the Van Sweringen mud-dle to make money.

But he did not want to be bedevilled by tax gatherers during his life and his estate saddled with an enormous tax charge after his death, merely because he had tried to do something fine.

If I am wrong in my estimate of



George A. Ball

HARRIS & EWING

Mr. Ball and his reasons I am sorry. But I do not think I am wrong.

"It seemed to me," said George Ball, "that some one had to do something. It seemed to be up to me."

The Van Sweringens were at the end of their string. They could not raise another dime. The fate of railroads covering 28,000 miles and of properties with a potential valuation of \$3,000,000,000 was at stake.

"If those properties were sold in the open market some of them might go at the eighth bid—the lowest allowed on the stock exchange. They might fall into the hands of crooks and amateurs and chisellers and be destroyed. Something like 25,000 people had been working for the Van Sweringens in the city of Cleveland alone. No one can say how many of them would find themselves out of work. No one could say how many

other people elsewhere would lose their jobs. If that huge, tangled, complicated mass of properties were to be overturned, the ruin might embrace the nation itself. We were just then beginning to see a chance of regaining our vanished normality. Another smash might have set us back—who knows for how long? Who can say how much harm might have been done?"

Values came back

BALL bought control and after a time values began to come back. He was called before a senatorial committee to explain this. What he had thought was a good thing to do began to wear a sinister aspect as the fact developed that he might make a profit. He was put on the witness stand and made to admit that he did not know much more about the Van Sweringen properties than the brothers had

told him. It would take a year to get even a superficial knowledge of the empire. There was the constant implication that he had been a go-between in a doubtful transaction.

On April 7, 1937, Ball gave out a terse office memorandum in which he stated that he had created the George and Frances Ball Foundation for "educational, religious and charitable purposes." The Frances of the Foundation is his wife. His daughter Elizabeth is the third director. To it he turned over all his common stock in the Mid-America Corporation, which is the holding company created for the purpose of carrying his Van Sweringen investment. There are no restrictions on the Foundation's field of operations. Except for that freedom, it is similar to the Ball Brothers Foundation, of which George A. Ball and his brother, Frank, were the

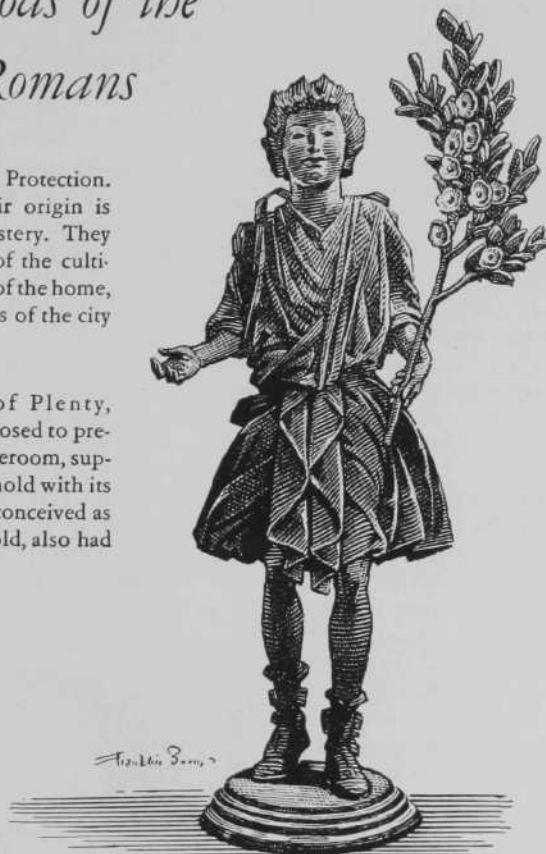
LARES and PENATES

*Household gods of the
ancient Romans*



Lares—gods of Protection. So old that their origin is shrouded in mystery. They were first, gods of the cultivated fields, then of the home, and also guardians of the city as a whole.

Penates—gods of Plenty, equally old. Supposed to preside over the storeroom, supplying the household with its needs. The city, conceived as a greater household, also had its Penates.



Sketched from bronze figurines of Lares and Penates at Metropolitan Museum of Art, New York City

IN the days of ancient Rome every household cherished a little set of family gods on which the welfare of the family was supposed to depend.

Today the average head of a family depends on his own labors and thrift, plus something unknown to the ancients. The doubtful favors of the old pagan Lares and Penates are replaced by the certainty of modern life insurance protection issued in a variety of plans to meet different needs.

Under the Metropolitan Family Protection Plan you can arrange to have a definite monthly income paid to your wife for a definite number of years. One variation of this popular plan assures your wife \$100 a month

for twenty years, should your family be left without you during the vital years while your children are growing up. These checks will arrive regularly, at a time when most needed to keep your family together, to pay household expenses and to provide education for your children.

At the end of this Family Income period, your wife will receive \$10,000 in cash or monthly checks—as she prefers. Protection may be provided in larger or smaller amounts—according to your family's needs.

Ask a Metropolitan Field-Man to give full details about this exceptionally attractive plan. Phone the nearest Metropolitan office—or mail the coupon.

The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



Metropolitan Life Insurance Company
1 Madison Avenue, New York, N. Y.

Without placing myself under any obligation, I would like to have information regarding the Family Protection Plan.

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67-N

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Chairman of the Board

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LEROY A. LINCOLN
President

builders. This organization's field is confined to the state of Indiana. If Mr. Ball had not given away his common stockholdings in Mid-America to a *bona fide* charitable organization—

He would have been compelled to pay the federal capital gains tax on the appreciation in value of the stock since he owned it—

And at his death the book profit might have created a large tax liability against his estate. The appreciation in value of the Alleghany common stock, held by his Mid-America Company, is already about \$8,000,000. He is left, if the accepted statements are accurate, with 18,733 shares of the 20,000 preferred shares of Mid-America. He has at least strengthened his position. The Government's tax experts are no longer as dangerous as they at one time promised to be.

Then Mr. Ball made another step forward. He had no desire to manage the Van Sweringen properties, either in person or through the religious and charitable foundation he had set up. He owns a somewhat synthetic wish that he might lighten his burden and stop spending his nights on trains and being, in general, extremely busy. No one believes he wishes it very hard. Yet at seventy-five one does not eagerly add to one's burdens.

Therefore the George and Frances Ball Foundation sold its Van Sweringen stock for \$6,375,000 to three youngish business men. One of them is Allan P. Kirby, of Wilkes-Barre, Pennsylvania, who is an heir to a share of the Woolworth Company and a tradition of philanthropy. His father gave millions for the bettering of Wilkes-Barre and the neighboring country. The other buyers were the two senior partners of the New York Stock Exchange firm of Young, Kolbe and Company. The firm handles the Wall Street investments of the General Motors Company, which fact must be regarded on Capitol Hill as pretty sinister. Messrs. Young and Kolbe and Kirby insist, however, that they bought the Ball Foundation's interests on their own account. The three men average around forty years old. They say candidly that they must look over and study the Van Sweringen empire before they make up their minds what to do.

"O. P.," said Ball—O. P. was Oris P. Van Sweringen, the dominant one of the two bachelor brothers—"should have gotten rid of many of the prop-

erties he took over. But he had an odd, acquisitive streak. He liked to buy things, have things, keep things, and he did not like ever to let go of anything."

Among the properties are six great railroads. In the East there are the Chesapeake and Ohio, the Nickel Plate, the Pere Marquette, the Erie, and the Wheeling and Lake Erie. Barring the last, which is an immensely profitable link road, the others sat below the salt at the railroad table when the Van Sweringens got them. As Newton D. Baker said of the Nickel Plate:

"It only ran often enough to be dangerous."

Even the Chesapeake and Ohio, with its tap into the great soft coal fields, was declining when the brothers took it over. All are now prospering. The statement has been made that the eastern railroad properties earned their fixed charges one and three-quarters times throughout the depression. Except for matters quite



Allan P. Kirby, one of the purchasers of Alleghany Corporation

out of the Van Sweringen control, the five eastern roads would have been made over into the fourth great eastern trunk system. The railroads and the I.C.C. for a time believed that the four trunk plan would be a panacea for all the railroad ills. The other three proposed trunks are the New York Central, the Pennsylvania, and the Baltimore and Ohio.

The sixth road which George A. Ball controlled, as owner of the con-

trolling interest in the holding company which controls the Van Sweringen properties, is the Missouri Pacific. The Van Sweringens paid \$100,000,000 for control of the MOP just in time to discover they had bought into a panic.

It was eight o'clock in the morning. At 7:30 I had registered at the Hotel Commodore in New York City. Miss Gertrude Barrett, who is George Ball's assistant at the Ball Brother and Company's works in Muncie, Ind., had telephoned me the previous evening:

"Mr. Ball is on his way to New York City. He will see you at your convenience tomorrow."

Therefore the manufacturer and the reporter were on even terms of physical discomfort. My mouth tasted like a burned lemon pie. I telephoned the Hotel Biltmore to find out if Mr. Ball, 75 years old, a good many times a millionaire, the pilot of the Van Sweringen properties which had figured in the most fantastic

business romance ever written, could by any possibility have arrived. A strong voice answered me. Neither a harsh voice nor an overly pleasant voice. The voice of a self-possessed and reserved man:

"George Ball speaking."

I said that I wanted to see him some time during the day.

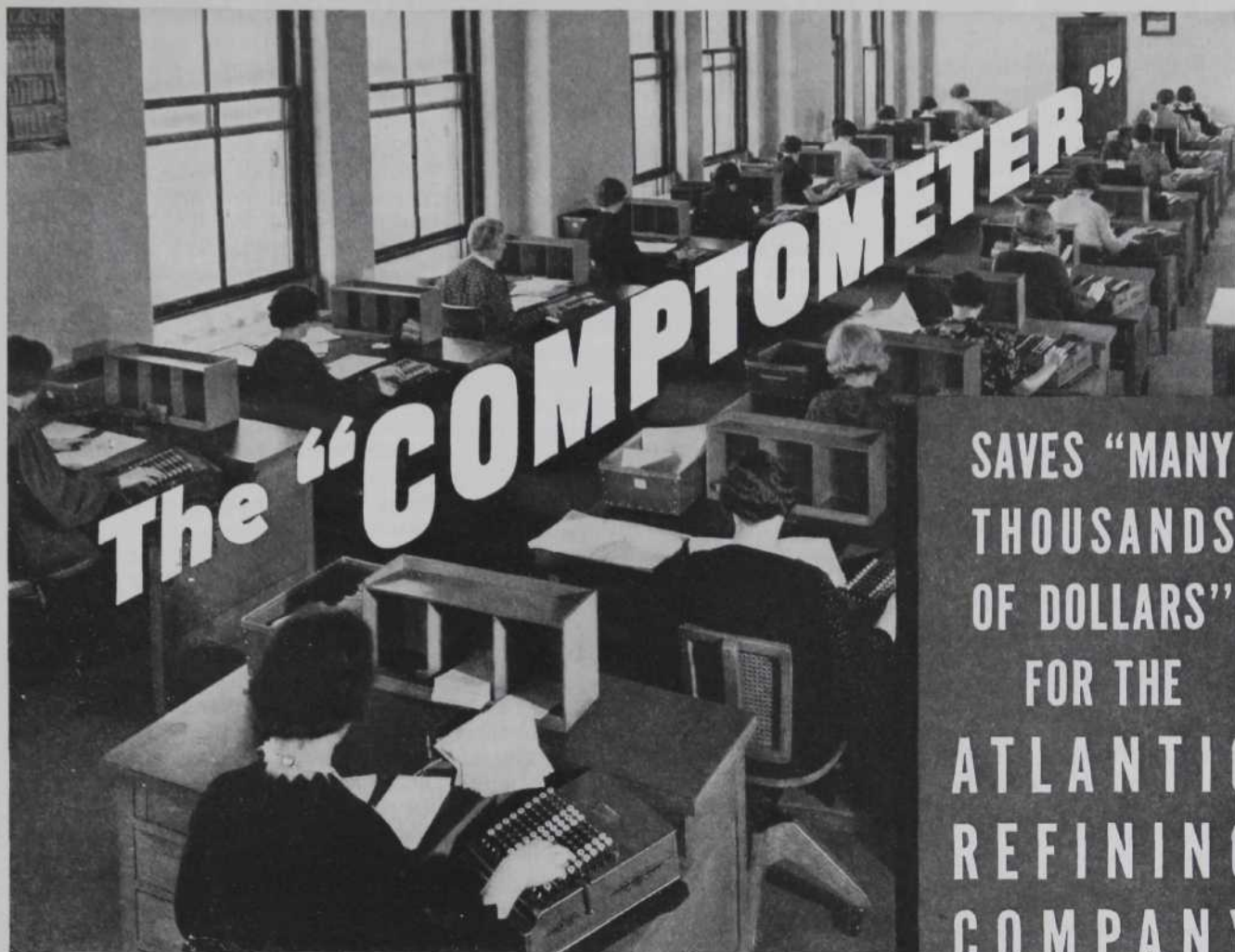
"Come right on over," said George Ball.

He had bathed and shaved and had his breakfast and read the morning papers and talked to several people on the long distance phone and was ready to begin the day. No doubt this is possible when one gets up habitually at five o'clock or thereabouts and has not the slightest objection to an upper berth. His breakfast had been a little water and a little toast and coffee and a little fruit and had probably been taken at a cafeteria because he does not like to be dawdled over. For the same reason he probably carried his bag to the Biltmore's desk. He is tall and slender and gray and dresses rather formally and is incredibly active.

"I may ask some questions you may not care to answer."

"I will answer any questions," said he.

Ball has the air of a man who has dealt with hard problems all his life and likes them. He began on a farm with the rest of the five Ball brothers and about the first thing he did was to begin work. He has been working



SAVES "MANY
THOUSANDS
OF DOLLARS"
FOR THE
ATLANTIC
REFINING
COMPANY

INDUSTRY, keen to adopt the latest technological equipment, often ignores the economy to be achieved by modern figure-work methods. Mr. V. L. Elliott, Comptroller of The Atlantic Refining Company in Philadelphia, and first President of the Philadelphia Chapter, National Office Management Association, has this to say of "Comptometer" methods:

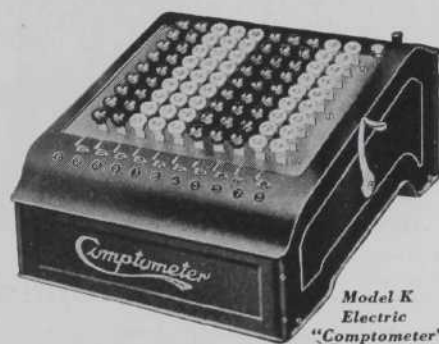
"The Atlantic Refining Company has saved many thousands of dollars by the institution of a centralized 'Comptometer' department and establishing standards of performance. The increased efficiency resulting from a central consolidated figure-work department, combined with the accuracy, flexibility, and

speed of 'Comptometer' methods, enables us to secure production, costs, sales, and statistical figures **several days earlier at less expense.** Monthly earnings statements of our foreign and domestic transactions are out by the 11th work day of the following month.

"The bulk of all our figure work is handled by a staff of from 18 to 23 operators using Standard and Electrical 'Comptometer' machines. Service and suggestions rendered by the local 'Comptometer' office are further reasons why you may count us among the 'more-than-satisfied' users of the 'Comptometer.'"

The adoption of "Comptometer" methods is a dollars-and-cents proposition. Why not permit a

representative to demonstrate in your office, on your job, how the "Comptometer" can save your time and money? Telephone the "Comptometer" office in your locality, or write direct to Felt & Tarrant Mfg. Co., 1712 North Paulina Street, Chicago, Illinois.



Model K
Electric
"Comptometer"

COMPTOMETER

Reg. U. S. Pat. Off.

ever since.

"No time to go gallivanting to Europe on pleasure trips."

This is not an expression of sympathy, however. He could not possibly have had a more enjoyable life if he had planned it in advance. One feels that. He *likes* to do things.

"Nothing is too small to interest George Ball and nothing is big enough to scare him," said one of his friends.

Telephones and travels

HE IS the most determined user of the telephone in the country. Well, maybe, he is one of the most determined users. He gets about the country in the most formidable fashion, usually catching a train by a leeway of two minutes and being content with whatever accommodation he can get. So far as I know he never asks for a stateroom. He drives his car like Barney Oldfield and talks business all the time. When he goes riding with his wife and daughter the chauffeur is too slow for him. He often leaves the car to catch a train at a way station. He is a prolific writer of notes to his friends which range in terms from mild humor to penetrating analysis. His interests are extraordinarily wide.

"I read a story of yours in NATION'S BUSINESS," he said, "about

the miniature coach contest being conducted by the Fisher Body Company."

It had given him an idea. At Muncie he had been more or less compelled to take over the county fair grounds. He was considering instituting a competition for boy craftsmen in the building of miniatures of the old-fashioned vehicles of the horse-and-buggy days. He was at least toying with the idea. Craftsmanship, he thinks, has been somewhat neglected in this country. Nor have we quite given the boys a chance. He is not, I judge, the kind of a man who could coddle and coax the younger generation. But he would give it a chance to do things and to find pleasure in work. He comes from a working family.

They were Ohio folk to begin with. When the five brothers Ball ranged from school to college age the family moved to Canandaigua, New York State. Money was scarce. The Balls were a good family and were looked up to. But the boys had to go to work. They did this and that individually until it occurred to some one of them that more might be done if they operated collectively. They had a dry cleaning establishment which was not quite successful and they made wooden tubs in which to salt down fish. The factory burned. The fish-tub

line had offered no opportunity for expansion and the five brothers began to make tin oil cans. Then the patent expired on the trick top for Mason jars and the brothers began to make these household necessities. They had moved to Muncie, Ind., because of a gift of land and money by the municipality. It was a good bargain on both sides.

The Balls made money by the millions. American housewives bought Mason jars by the carload. The Balls branched into other businesses. Nowadays they roll their own zinc in their own mill by their own process and make their own rubber gaskets and their corrugated paper shipping boxes. They have factories in five other western cities and store their jars in huge warehouses in the winter when trade is slack.

They had worked hard. Hours meant little to them. They had been forced to practise economies to meet pay rolls. They still regard extravagance as folly. But they spent their money freely for educational institutions and hospitals and auditoriums and town improvements. When banks were popping in 1933 the Ball brothers guaranteed all deposits in the Merchants National Bank and the Merchants Trust and Savings Company in Muncie. Between times George Ball has joined various clubs and perhaps for various reasons. He is a member of the Miami Jockey Club because a bankrupt friend asked him to take over his stock.

It is not necessary here to examine in detail the financial structure of the Van Sweringens. It is enough to say that it was a rising series of holding companies.

BELLRINGERS



LAMAR STUDIO

Their Attention is Petrified

AN enterprising filling station operator of Lamar, Colo., has constructed his station to draw attention by the mere material of which it is built. It is made entirely of petrified wood which was gathered about 30 miles south of Lamar,

where it was discovered on the surface. The station has been in operation about two years, yet the owner, "Bill" Brown, has not been able to learn what kind of trees or wood the material was before it was petrified.

Carried by bankers

AS LONG as the country was prosperous the component parts could be protected. Even when the profits of good times were replaced by the losses of bad times, the Van Sweringen properties were not out of line with the rest of the country. But weak spots began to develop. Their bankers supported them for a time in the belief that the long series of mishaps must come to an end. Millions on millions were lent them. But in 1935 the bankers refused to carry the load farther. The explanation offered to the senatorial committee covered a good deal of ground.

They could lighten their income tax burden, for one most important thing, by taking their losses in the Van Sweringen affair. They could reduce their future liabilities. They could somewhat stop the mouths of those who shouted that all bankers made money all the time at the expense of

(Continued on page 142)

1400-GALLON "TAXI" HAULS GOLDFISH

A TRUE "FISH STORY"

By LOWELL THOMAS

"Talk about strange cargoes. Listen to this true 'fish story.' Out in Martinsville, Ind., is the world's largest goldfish hatchery. The principal market, New York City, is a thousand miles away. To make this jump the Grassyfork Fisheries built a special tank truck, a ten-tire giant that can haul 200,000 fish in one load.

"To protect this precious shipment, the truck is heavily insulated. A special engine drives a compressor, forces a constant stream of air through the 1400 gallons of water.

CAN'T TAKE CHANCES

"Once a week in zero-weather January or broiling July this big truck makes the eastward journey. Carries fish for the East, rare specimens to go aboard Atlantic liners. They must 'bring 'em in alive.' Delays would be costly. You can't take chances on tire failure with a job like this.

"But they tell me they just don't have tire trouble with

Goodrich Triple Protected Silvertowns. Not one sidewall failure! And they run up tremendous mileages.

"In all my travels I've noticed that on the toughest trucking jobs you usually find Goodrich Silvertowns."

Lowell Thomas is right! Where the going is hardest Goodrich is first choice. Goodrich Tires are being tortured in heavy forests under crushing log loads of 15 and 20 tons, through burning deserts on fast schedules at 130° temperatures—over jagged rock in coal mine operations—in the army through ditches and underbrush, on no road at all! And they take this punishment in their stride.



Goodrich Silvertowns are Triple Protected in the sidewall—built with an invention that checks 80% of all premature failures. Only Goodrich gives you this 3-way safeguard:

- 1 **PLYFLEX**—distributes stresses throughout the tire—prevents ply separation—checks local weakness.
- 2 **PLY-LOCK**—protects the tire from breaks caused by short plies tearing loose above the bead.

3 **100% FULL-FLOATING CORD**—eliminates cross cords from all plies—reduces heat in the tire 12%.

On your trucks, too, you can get a new freedom from road delays and big repair bills and at the same time increase mileage with Triple Protected Silvertowns. See the Goodrich dealer and start saving. Or write The B. F. Goodrich Co., Akron, Ohio and Los Angeles, Calif.



Goodrich Triple Protected Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

No Business Can Escape Change

New products will continue to be born as long as they profit both maker and user

1 • STENCIL LETTERS are now available with a new, flat edge lock so that they may be easily assembled to make words or phrases and as quickly taken apart. . . .

2 • A NOVEL device to slip under doors keeps them open yet prevents them from opening wider. It has a flat spring on rubber feet; gives the effect of a double-wedge. . . .

3 • WASHERS of assorted sizes need not be stocked if a new hand punch is used. It makes more than 150 washer sizes from leather, cork, rubber, and similar materials. The machine has 18 hardened dies on an eccentric turret plate. The centering system insures concentric punching. . . .

4 • A NEW compound for mixing with paint is said to make practicable the painting of wet or moist surfaces, particularly iron and steel. After counteracting the water, it does not affect the paint. . . .

5 • A PAINT-LIKE plastic may be applied to a solid surface without binder sizing, is colored any shade desired, then is applied with brush, trowel, or spray gun. It can be metallized to any metal finish, also worked up into varying textures and designs. . . .

6 • METAL TRAYS for photographic and similar work resist corrosion and do not cause fog. They're long-lasting, yet light and strong. . . .

7 • THE MISSING button or torn buttonhole is eliminated by a new type snap fastener which can't rip off or break in the laundry. Applied now on men's shorts only, other garments are likely users. . . .

8 • A LIGHT-WEIGHT electric fan has a wire base designed so that it may be hung on any convenient hook or stood on any level surface. Rubber feet prevent creeping. . . .

9 • A SYNTHETIC substitute for tile in bathrooms and kitchens is said to be resistant to acids and alkalis, and durable yet inexpensive. Available in five colors. . . .

10 • A NOVEL fire detecting device is wholly contained in a vacuum tube which protects it against dust, air, and tampering. Unusual sensitivity and accurate calibration are also made possible. . . .

11 • A LINE of miniature electrical instruments for alternating current, direct current, and radio frequency has been designed to provide interchangeability of parts allowing short delivery schedules on special and semi-standard forms. Ammeters, milliammeters, voltmeters, and others are rated at 750 volts. . . .

12 • ROLLER CONVEYORS built to stand the impact of rough loading, have the rollers mounted on spring bases. They also distribute the weight evenly even when the bottoms of racks are warped. . . .

13 • SMALL OBJECTS are effectively displayed inside a fortune teller's crystal ball which is made transparent by the approach of a person. By the same method a mirror may be made transparent for larger displays. . . .

14 • A NEW controller for electric industrial trucks prevents starting in the higher speeds and prevents reversing except from a standstill or slow speed. It is said to reduce maintenance and save both truck and battery. . . .

15 • SCHOOLS SHOULD be made safer by a new five-foot traffic sign which represents a traffic officer holding a "slow" sign. It is intended to be taken down out of school hours so that motorists will not, through familiarity, tend to disregard it. . . .

16 • A CONTROL valve for vacuum brakes on trailers permits varying degrees of brakeage power without fanning the control. A gauge shows the amount of power being used. . . .

17 • FOR CLEANING and renewing the white on shoes and other white leather there is now a specially treated sponge and a cake of re-whitening material—attached in one convenient unit to a handle. . . .

18 • A NEW iron thermostatically controlled is calibrated and marked so that it is necessary only to set the dial for the fabric—silk, wool, cotton, or linen—to obtain the correct ironing temperature. The cord is permanently attached for longer life and on the side to keep it out of the way. . . .



19 • A NOVEL marking for golf balls is said to give the average hitter quicker "get up" without loss of distance. It's particularly good, the maker says, in head winds, tail winds, cross winds, or no winds. . . .

20 • A NOVEL metal awning—aluminum, bronze, or stainless steel, or in colors—is built in sections which may be opened like a Venetian blind. When let down close to the window, it serves as a Venetian blind, or, closed, as a shutter. The awning sections are held firmly and noiselessly. A control is inside the window. . . .

21 • A REPEATING air pistol designed for adults' target practice uses very small shot for safety yet is accurate at close range. . . .

22 • A COMPACT, portable brightness meter has been developed which measures from five thousandths to 50,000 foot-lamberts—the brightness of highways at night to bright lighting fixtures. The scale is marked in candles per square inch and also in foot-lamberts. . . .

23 • DETACHABLE AMMETERS and voltmeters are being developed to plug into an electric line as detachable watt-hour meters do. Single instruments can be mounted on the wiring conduit without other support. Load conditions can be studied with marked reduction of installation cost on instruments. . . .

—WILLARD L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

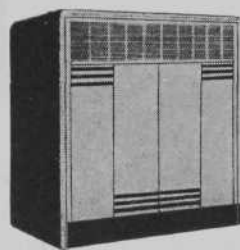
You can thank electricity for AIR CONDITIONING



WHEN you revel in the comfortable cool of an air conditioned room, pay a moment's homage to mankind's greatest friend . . . *electricity*. Without electricity, or to be a bit more accurate, without electrical control, there could be no air conditioning. Electrical control makes air conditioning automatic, dependable, practical. It makes fans, pumps, and compressors start and stop automatically as needed. It supervises, it systematizes, it protects.

Electricity and Motor Control . . . these are the twin wonders that go about the world hand-in-hand, making it a better place in which to live. And always where you find them doing something new, something better, there you will find the name of Cutler-Hammer, Pioneers in the Development of Electric Control Equipment.

CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1251 St. Paul Avenue, Milwaukee, Wis.



On the largest air conditioning systems such as the 1,000 h.p. units now in process of installation in the nationally famous Palmer House of Chicago . . . as well as on the smallest systems such as the portable office cooler, Cutler-Hammer Motor Control is used as specified to assure unfailing dependability of operation.





CHARLES PHELPS CUSHING

Felix, famous oldtimer

The Circus Retains Its Lure



CHARLES PHELPS CUSHING

Technique of swift and orderly handling of crowds is a circus art—equally proficient at both main entrance and sideshow



CHARLES PHELPS CUSHING

Small towns are fruitful field for motorized circus



PHILIP D. GENDREAU



PHILIP D. GENDREAU

Children still offer excuses for parents to attend the performance

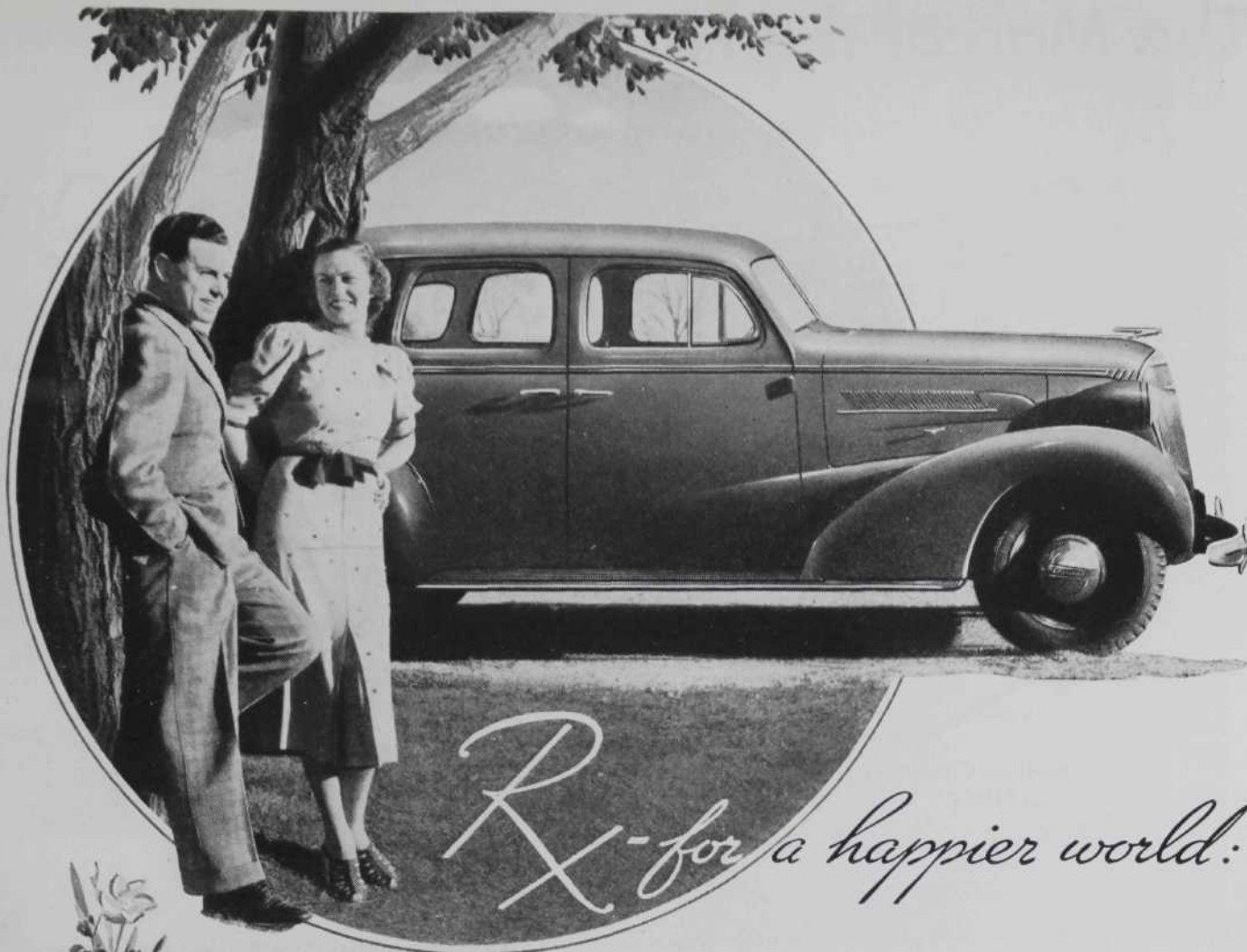
BETWEEN 10,000 and 12,000 men and women will find employment on the circus lot this year, according to an estimate by A. C. Hartman, editor of *The Billboard*. Like most other businesses, the circus too, particularly the little fellow, shows signs of expansion.

While the number of railroad shows has dwindled to four, the total of all circuses has increased from 33 in 1935 to 42 in 1937. There were 37 to start the season in 1936, but four were left stranded after a short period.

Tractors have superseded railroad trains and draft horses as a means of transportation from one stand to another in all except the four largest where the colorful six and eight horse teams may still be seen hauling the heavy equipment wagons from train to circus lot.

Mr. Hartman estimates that under normal conditions at least 20,000,000 spectators will be drawn to the big top in one season. The largest circuses have been known to draw as many as 30,000 people to two performances.

Medium-sized shows count it as a good day when they draw from 12,000 to 18,000, and the smaller organizations hope to attract 5,000 to 8,000 from the surrounding countryside.



R-for a happier world.

SPRING AND A CHEVROLET!

Now that spring has come 'round again, and all the world's in tune, take a vacation from worry! Get into a new Chevrolet, and get out of old ruts, old habits, old places. This car will take you wherever you want to go more smartly, more smoothly and more securely than any other automobile of its price; and it will save you money all the way. Buy a Chevrolet—*today's spring tonic*—the modern prescription for a happier world!

NEW HIGH-COMPRESSION VALVE-IN-HEAD ENGINE—NEW ALL-SILENT, ALL-STEEL BODIES—NEW DIAMOND CROWN SPEEDLINE STYLING—PERFECTED HYDRAULIC BRAKES—IMPROVED GLIDING KNEE-ACTION RIDE*—SAFETY PLATE GLASS ALL AROUND—GENUINE FISHER NO DRAFT VENTILATION—SUPER-SAFE SHOCKPROOF STEERING*. *Knee-Action and Shockproof Steering on Master De Luxe models only. General Motors Installment Plan—monthly payments to suit your purse. CHEVROLET MOTOR DIVISION, General Motors Sales Corporation, DETROIT, MICHIGAN.



THE ONLY COMPLETE CAR—PRICED SO LOW

The Map of the Nation's Business

By FRANK GREENE

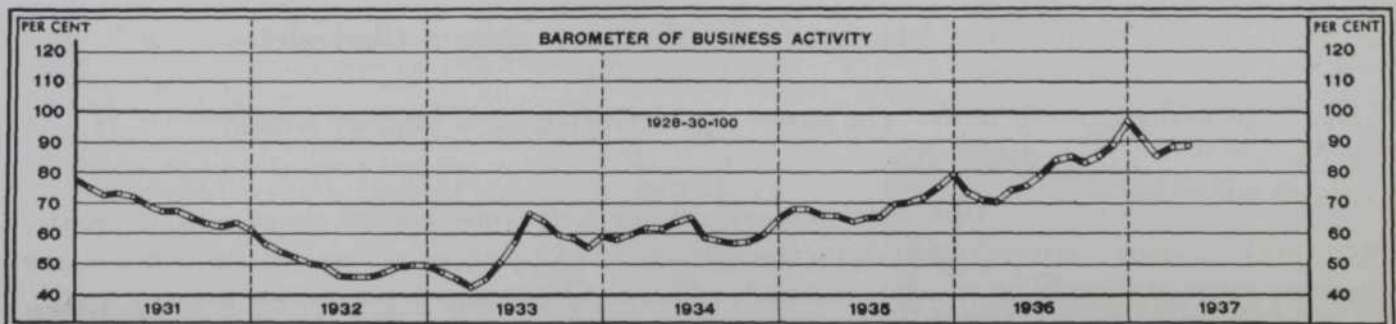
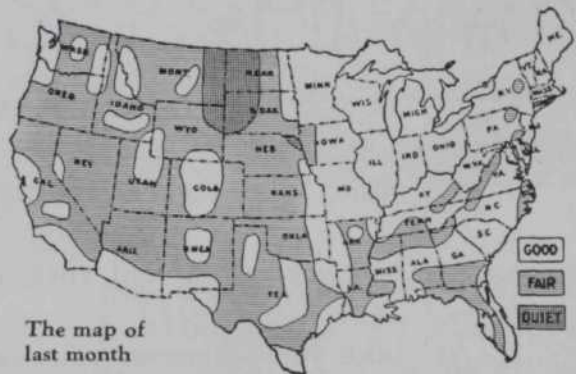


APRIL saw a rather sharp reaction in buying, widely construed as a needed corrective to a heavy increase in both purchasing and production of finished goods during the preceding three months. How much of this was purely speculative remains to be seen. Differences in commodity price movements are perhaps best reflected in wheat and corn. The former declined but the latter held earlier gains because of a marked shortage in supply due to the reduced yield last year.

Crop reports are not altogether clear as to the future. Rains fell in most of the Northwest but the Southwest needs much more moisture for best results. Present prices for grains point to larger areas in leading crops.

Factory production results in the first quarter point to heavy outputs of textiles and other wearable products. Automobile and steel production, and mail order and retail sales are encouraging. The early date of Easter this year calls for more particulars as to the real proportions of retail distribution for spring. Building permit values exceed those of any year since 1931.

Given good weather, present prices for farm products seem to point to enlarged areas in leading crops



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

The Barometer chart line showed only a slight rise in April in contrast with the rather sharp upward movement of March



WRITE
Bob Miller
 On your Prospect list

YOU can't sell Bob Miller a walnut table, because it's his hobby to make his own. But somebody in Wisconsin sold him his power tools. In his eighth automobile, made in Michigan, he may take his New York camera and accept your invitation to see Florida or Maine. He rides your fast trains to California to inspect his real estate there. At home in Colorado, his Ohio electric refrigerator, his Illinois radio and washing machine, his Pennsylvania rugs, his Connecticut vacuum cleaner, are above average in quality. *Bob Miller is master mechanic at a beet sugar factory.* As your customer, he typifies the high living standards you find in 100 sugar-beet communities in a third of our states.

An industry engaged in developing American natural resources, improving American agriculture, and supplying American markets with an all-American food product



Born in Iowa, Bob Miller learned his trade in railroad shops; traveled and worked for railroads, mills and shipping until he decided he liked the beet sugar business best—has been in it for 33 years.

If you were to visit any of America's 99 beet sugar factories (others are now being completed to meet the increasing demand for beet sugar)—and talk to these workers, visit their homes—you'd be impressed by their living standards, their outlook, and the kind of intelligence that qualifies them for work in this highly efficient, forward-moving industry . . . And you'd see for yourself why beet sugar communities, from the Great Lakes to the Pacific, are buying communities.



Detailed information about this industry is available in a booklet, 'The Silver Wedge,' sent on request.

UNITED STATES BEET SUGAR ASSOCIATION

841 GOLDEN CYCLE BLDG.

COLORADO SPRINGS, COLO.

Town Meetings Revived Canton



Canton's parents found a way to give their children safe and healthy recreation



Attendance was limited to small number of men and women particularly interested in the subject to be discussed



A five-mile-long park is now included in a 450-acre park system

USING the several-century-old "Town Meeting" plan, Canton, Ohio, has developed a new approach to the solution of community problems.

The Chamber of Commerce sponsored a series of "Town Gatherings" to take inventory of the city's assets and liabilities and to formulate a common purpose looking toward Canton's growth and prosperity.

Out of the entire series of "Town Meetings" came enough constructive proposals to formulate a ten- or 20-year program of civic betterment.

The first project was the organization of the Canton Development Corporation as an adjunct of the Chamber of Commerce for the purpose of assisting present plants to expand and bring new industries to Canton. The staff includes three technical engineers and an office secretary while the directorate includes the most influential citizens of the city. Six new industries already have moved in and a survey has been completed which shows how certain types of industries can operate profitably in Canton and Stark County.

Another group of Cantonians was interested in beautifying the city and mak-

ing it a better place in which to live. Out of their suggestions grew a \$1,000,000 park and playground program. The federal Government provided the labor—amounting to \$850,000—but a popular subscription of \$65,000 had to be raised in a whirlwind campaign to provide the land and necessary material. Other individuals donated a total of 200 acres of land and such materials as cement, trees, lumber and the use of tractors.

Among the accomplishments of this group was the conversion of an unsightly, abandoned, 48-acre brick plant into the key tract of large park development. The city dump was also transformed into a model playground and recreational center for small youngsters. In 1920 Canton had 20 acres of park area. Today it has a total area of 450 acres.

In a further effort to prove that Canton has something to offer in the way of industrial advantages, the Stark County Foreman's Club established a Foremanship Training School to help take care of the need for trained men. The school is open to all industrial workers interested in qualifying for positions of greater responsibility.

Supporters of the "Town Meeting" pro-

gram devoted particular attention to the relationship between industry, labor and the public. As a result, a committee of 200 citizens, exclusive of manufacturers, started the movement for an advertising campaign in a local paper that stresses the necessity of a thorough understanding and close relationship between all interests in the city.

In furtherance of this program, the local Chamber arranged a series of plant visitations to Canton's leading industries in order to acquaint the citizens with their city's industrial operations.

After the series of town meetings was concluded the idea grew that civic leaders should contribute their judgment to the maintenance of sound government.

Finally a Civic Affairs Committee was appointed by the president of the Chamber of Commerce "to assist duly elected city officials in the solution of harassing financial and law enforcement problems." The president expressed the opinion that affairs of the municipality deserved the interest, vigilance and cooperation of citizens generally. He urged that the committee conduct its own investigation, make known its observations from time to time and take such steps as may be deemed necessary toward furnishing a remedy for any conditions which appear to be contrary to good government and community welfare.

Among other things that have developed from the town meeting discussions have been a retail trade promotion plan including a "Welcome Neighbor" campaign; a technical survey of the site for an 8,000,000-gallon dam that would serve the triple purpose of flood control, water conservation and supply; an anti-solicitation scheme program that has prevented as much as \$6,000 a month from being taken out of Canton; a mural decorative scheme in the post office; elimination of fire hazards in the auditorium; improvement of the fire department's apparatus and many others.

*Monroe ease and economy can be applied
to every figure job*



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An interesting new booklet "Give A Thought to Keyboards" is yours for the asking.

This Monroe Adding-Listing Machine is one of more than 200 Monroe models which include adding-calculators, listing and bookkeeping machines, check writing and signing equipment.

MONROE
CALCULATING MACHINE CO., INC.
GENERAL OFFICES • ORANGE, NEW JERSEY

feels precisely as one would expect him to feel, and the building has not yet been built.

"There Ought to be a Law"

General, he points out, was helpless in the matter. His only business is to see that the laws are obeyed, and he could not sanction the return of the contractor's \$2,500 merely because that was the sane and honest thing to do. No law permitted it.

"At present no government department or office will advise a business man as to what may be the proper interpretation of a statute. He must go it blind, and if he makes a mistake the Government starts prosecution. In some instances the Government has started prosecution solely to get a ruling from the court."

He'll be Sniped At but Never Shot

THE congressional majority, so far as the will of that body can be assayed, has no intention of permitting the President to get away with the Comptroller General if and when the presidential reorganization bill is passed, either as a cluster or by single sprouts. Comptroller General McCarl served as a convenient goat for his 15 years' term. He annoyed Congress frightfully from time to time, but there never was a moment when Congress lacked the power to cure its own annoyance by making a law. McCarl irritated the executives more than he did Congress, and the executives had no more power than an ant. He could and loved to thumb his nose at Presidents.

If the knocked-about reorganization bill were to give the Comptroller General only the authority to state after the money had been spent whether it had been properly spent, the executive would score off Congress.

Sharper Teeth on the Hill

SOME one in a cloakroom remarked the other day that the New Deal's honeymoon is now thoroughly over, and the kids are beginning to cut their teeth. The reference was to the new spirit in Congress. It is resentful, independent, and critical, according to the majority of commentators.

(Note the opposition to the President's Court plan, the congressional refusal to grant a 15 per cent shift-about cut in costs, which in practice would have meant that the President was at liberty to spend every penny of the so-called cut, and the opposition to his reorganization bill. This bill would certainly be smothered if a serious attempt were to be made to pass it as a whole.)

Observers are inclined to credit the Court bill with this change in congressional attitude. Never in memory have the letters poured in as they have against this measure. Congressmen have resented the allegation that they were "rubber-stamps" and some of them have been fearful that a packed court might make the President into a dictator, as the foes of the bill allege. Others are saying things about the President himself which they would not have whispered to a locked safe a year ago. All of which indicates that the kids are teething. They usually do teethe during the second presidential term.

Zip! Did Not Go These Millions

ONE of the evidences of the new spirit was shown in the refusal of the House to appropriate for the initial construction of the dam planned for Gilbertsville (T.V.A.) at a cost of \$112,000,000. A committeeman called attention to the fact that the preliminary studies would not be completed for about a year. Money was given to continue

the studies, but the old let-the-tail-go-with-the-hide air was absent from the proceedings.

It is, of course, possible that Maj. George L. Berry was somewhere behind the scenes with a slingshot. Major Berry is the Federal Coordinator, he is the manager, agent and sole owner of Labor's Non-Partisan League, he loves John L. Lewis like some brothers do, and he has been appointed to fill the senatorial vacancy left by the death of Senator Bachman of Tennessee. Yet Major Berry ups and alleges:

"The T.V.A. confiscated my property (valued by Berry at \$1,633,000) without compensation or effort to settle the matter."

Surtax May Come out in the Wash

WHEN the tax bill is re-written—every one seems agreed that it will be—an effort will be made to work out a more equitable application of the surtax. It is being said that:

"If a corporation is so situated that it must retain its earnings, the surtax will represent about 17 or 18 per cent. If the corporation had distributed them, the average tax on the receiving shareholders would be much less. If a corporation suffers the highest surtax and subsequently is in a position to distribute its earnings, the earnings which it retains and upon which it had paid the high tax are again subject in the hands of the individual to exactly the same rate as if they had been originally distributed. This is double taxation."

The argument that the principal influence of the surtax is to hit the companies that are in such a position that they cannot declare dividends and are least able to stand the penalty surtax is being considered on The Hill.

Lilienthal Gets the Decision

AND as for the utilities—Basil Manly has resigned as vice chairman, although he retains his membership in the Federal Power Commission. This is regarded by most observers as a technical victory for David E. Lilienthal, but has otherwise left the situation unchanged: Manly sided with Chairman Arthur E. Morgan of the T.V.A. in urging fair treatment and reasonable cooperation with the privately owned utilities. Lilienthal and Chairman F. D. McNinch of the F.P.C. have taken the Norris position that all utilities are bad Indians.

It is not regarded as likely that Mr. Manly would have resigned as vice chairman if President Roosevelt had wished him to remain.

Utilities Helped By the Big Debt

CONGRESSMEN who have not taken an active part in the utility fight think that the utilities have been aided by the drive toward—at least in the direction of—economy.

When a billion was petty cash the creation of more Authorities to control the national power output seemed a sparkling inspiration. Nowadays the idea is in slow motion. It has not been abandoned. If Europe should pay its war debts in bright money, for example, eight Authorities would be clamoring for action. Until there is a better prospect of financing the scheme, however, not much will be done about it. It is at least unlikely that anything will be done this year.

Which is good news to holders of utility securities.

When You Call Me That—Smile!

OVER at the Federal Reserve headquarters they do not—precisely—like Congressman Wright Patman. "He is an active little man," said a caller.

"Painfully so," was the reply.

Mr. Patman has planned a bill for changing the bank-



WE DON'T WANT BREAD MONEY

Liquor is one of the luxuries of life, to be bought and enjoyed only after the necessities are provided. Whoever needs bread for himself or his family, should not buy whiskey.

The persons we want for our regular customers have definite incomes and definite obligations. They do not exceed the one nor neglect the other. We make sales to such persons with a clear conscience because Seagram whiskies are well worth

all they cost to those who can afford the luxury of moderate use. We don't want to sell whiskey to anyone who buys it at a sacrifice of the necessities or decencies. We are not being idealistic. The House of Seagram counsels abstinence for some and moderation for all because such counsel is good business. Abiding prosperity for our business can be built only by the repeat orders of our wise friends. *We don't want bread money!*

THE HOUSE OF SEAGRAM

Seagram-Distillers Corporation, Executive Offices: N. Y.

FINE WHISKIES SINCE 1857



ing system. According to a statement issued by his Steering Committee, "We believe that three-fourths of the House of Representatives are ready to vote for a proposal embodying these principles." The principles include:

Purchase by the Government of the \$132,000,000 stock of the 12 Federal Reserve Banks, the concession to the 14,000 banks of the Federal Deposit Insurance Corporation of all the privileges of the Federal Reserve system without a stock purchase requirement, provided their reserves are carried with the Federal Reserve banks, and the turning of all Federal Reserve profits into the Treasury.

So many other skilletts are on the fire that Mr. Patman may not push his proposal this year. But next year? Mariner Eccles of the Federal Reserve would like to know.

More Work in Sight for G-Men

THERE is just a possibility that J. Edgar Hoover's justly celebrated organization, the Federal Bureau of Investigation, may have more trouble on its hands. The Bureau now covers certain phases of interstate crime, such as hijacking from trucks and freight trains. Recent decisions of the Supreme Court broadened the bases of interstate commerce.

Then came the senatorial investigations into conditions in Harlan County, Kentucky. If the production of coal is interstate commerce, then, under the decisions, the socking of a union organizer by a deputy sheriff would appear to be a violation of federal rather than state law.

This will not make Mr. Hoover any happier. He does not want to spread his Bureau's butter too thin.

Headaches Over the Treasury

VAULT-WATCHERS at the Treasury suggest that Mr. Morgenthau has purchased a full share in Mariner Eccles's golden headache. He had been moderately free from this affliction, they say, until the neutrality law was enacted. Then it came down on him with full force. The argument runs this way.

The neutrality law in effect makes us an ally of the nations having command of the seas in the next war. They are, of course, Great Britain and France. The nations which are making the most trouble are Germany and Italy.

It may be necessary to dampen down their fires a bit. The easy way is by some form of currency stabilization that will aid our informal allies and compel Messrs. Hitler and Mussolini to pause a while for thought. Currency stabilization without the United States would be the ghost without Hamlet.

At any rate those who might know do not deny that the dollar value of American gold will eventually be altered. But they do not know when. They do not think it will be soon. Page Mussolini and Hitler.

To be Taken at Reader's Risk

SOME of the things heard in and about are that the S.E.C. and the Federal Reserve have been asked to put a 100 per cent margin rule into force. But Mr. Roosevelt did not do the asking . . . One way out of the national debt burden might be to refund the \$35,000,000,000 in consols, non-redeemable as to principal . . . There is little doubt that some kind of a housing bill will be passed. But there is a growing sentiment in Congress that more figures and fewer handkerchiefs will be used during the argument . . . The "sucker list" of highly paid taxpayers will not be available at \$100 a copy hereafter. Congress will stop its publication. But it is doubtful if many men who are on the list are suckers . . . Joseph P. Kennedy, broker,

banker, high-line speculator, and the cooper, thatcher, and electrician of the original S.E.C., is displeased with his new job as boss and expert of all things maritime. He says the job is lousy and so is the law . . . The Government is lending money to gold miners in Nevada so they can go out and dig more gold and sell it to the Government, which has more gold now than it knows what to do with . . . John L. Lewis has not begun the reconstruction of the \$400,000 University Club building, which he bought as H.Q. for the United Mine Workers. But perhaps it is only to be used for social purposes . . . The H.O.L.C. head has stated that there may be 160,000 possible foreclosures by the end of 1938. But Mr. Fahey has given assurances that he will protect both the real estate market and the mortgagors so far as he can . . . The Administration is deliberately trying to hold down recovery because a boom is feared . . . Political Washington thinks that if a nice, lively boom comes along in 1940 Mr. Roosevelt may be unable to resist the popular demand . . . There will be a cut in farm benefits. Subject to trading between the urbanites and ruralists, of course.

Cracking-down May be Coming

THERE is increasing evidence that the Administration has in mind the further political management of business. As Dr. J. C. Merriam of the Carnegie Institution pointed out to a luncheon party, it is difficult to move only one peg on a map. Each transfer calls for other transfers. This is an interlocking world.

The opposition of the Administration to the Miller-Tydings bill is widely ascribed to a desire to tie the control of business closer to Washington.

"The opposition was premature," said Hugo Mock, counsel for the Toilet Goods Association. "The fair trade acts have not been sufficiently tested. There is evidence to show that they have lowered retail prices in some instances."

Billions Going Out, Nickels in

IT will be—it may have been—called to the attention of Senator Robinson of Arkansas that the attitude of the federal Government toward money flickers until it sometimes tries the eyes. Senator Robinson recently made a rather tight-lipped declaration that he proposed to see that more economy got into our affairs.

The illustration of administrative inconsistency which will be placed before him is in part found in the report by authorities of 35 states that the idle carried on their rolls exceed all on the WPA roll—2,513,774 against Mr. Roosevelt's estimate of 2,150,000—and that there is no central bureau at which the information of the numbers on state, local and federal relief may be obtained. Nor how many dependents each individual on relief must support.

It will be, or has been, suggested to Senator Robinson that this is rather a haphazard way of doing business. It is in contrast with other features of government accounting. A government agent, for instance, may have his suit cleaned at government expense when he is on tour. But not his hat. He is directed to carry his hat in a bag.

Sheer Sadism in This Proposal

ONE of the commentators on political movements on The Hill is praying for just one thing to happen. If it does happen, he says, he can depart in peace.

He hopes that the Court-packing bill will go to a tie vote in the senate, 48 to 48. Then Vice President John Garner, sombrero and all, would be compelled to break the tie.

**"we
depend
on you**

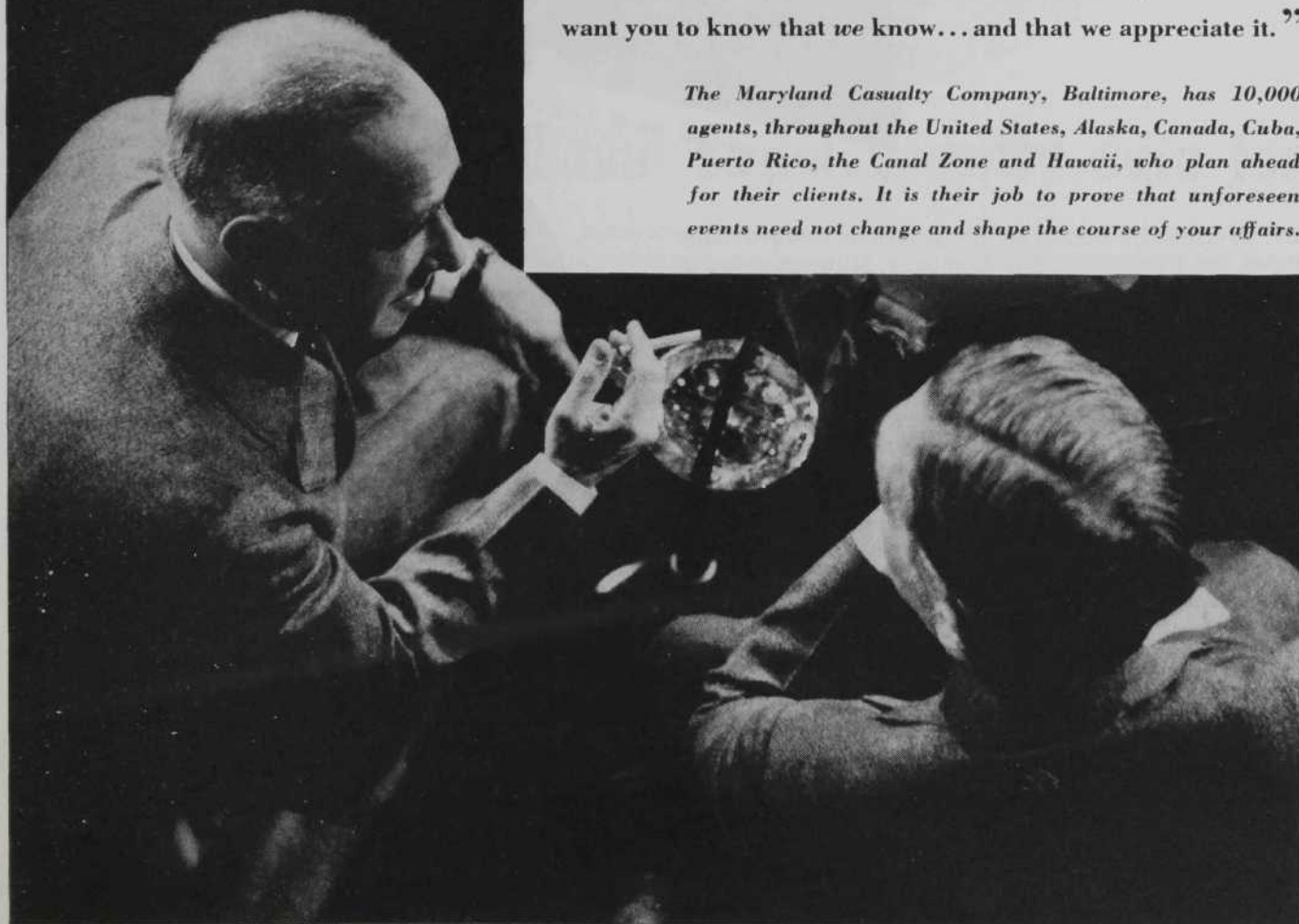
• • • you've been calling on us about five years now, Tom... and yet I don't believe you've ever "sold" us anything. Every time you come in you have a real suggestion. Remember the day you had a plan for fidelity bonds on all our field men instead of just the executives? I didn't agree with you... but I wasn't looking far enough ahead... and you were. As it turned out, you were right as rain.

And when we put in our new high pressure boilers, you scarcely mentioned insurance... but insisted that, now we had good boilers, we should *keep* them good by regular expert inspection... and told me why your company's engineers were qualified for that job. After awhile we just came to depend on you.

Sure, you got business from us, plenty of it. But it wasn't high pressure salesmanship that did it. It was just that you knew your business... and *our* business. I didn't always feel this way. Years ago I thought an insurance agent just sold a policy and collected his commission. But it's a lot more than that.

You think for your clients, and plan ahead and consider what's best for *them*. That's more than selling, Tom. And I want you to know that *we* know... and that we appreciate it."

The Maryland Casualty Company, Baltimore, has 10,000 agents, throughout the United States, Alaska, Canada, Cuba, Puerto Rico, the Canal Zone and Hawaii, who plan ahead for their clients. It is their job to prove that unforeseen events need not change and shape the course of your affairs.



Wages That Adjust Themselves



The cutting operation in the Nunn-Bush factory where the workers get a fixed percentage of the value of all goods made



The production line technique as exemplified in a shoe factory. All photos are taken from the Nunn-Bush movie, "Fifty-two Pay Checks a Year"



Piece work is definitely out of the picture

His fixed equity in each pair of shoes gears the workman directly to business conditions

WAGE adjustments take time, cause feeling, disturb many industries, but Nunn-Bush Shoe Company, Milwaukee, is immune. Two years ago, the Company adopted a policy under which wages adjust themselves. Plan, worked out by management and shop committee, guarantees workmen a certain per cent of the Company's gross income. Company underwrites estimated pay roll for coming year, divides each worker's share into 52 weekly payments. If, at end of year, income was greater than expected, difference goes to workers as adjusted compensation. If income was less than expected, wages are automatically reduced.

Many advantages are claimed. Worker is guaranteed stable income for a year. Production economies are reflected in higher pay. Workers themselves deal with shirkers whose soldiering affects pay checks of all. Management must keep on toes. Company's 1,000 employees take more pride in their work, feel secure in their positions.

Added feature of plan is that new employees, added to meet temporary rush periods, are put on temporary basis. Company agrees not to increase permanent force until agreeable to both management and permanent employees. Temporary employees are eligible to permanent force on seniority basis.

Company President Henry L. Nunn, discussing the plan in an interview, gave his views on labor relations:

"This innovation has grown out of the belief, shared by our employees as well as by the management, that the great need of labor is an adequate yearly income rather than a



high piece or hourly rate subject to seasonal hazards. Satisfactory relations between capital and labor depend upon labor being considered as part of the management rather than as a commodity to be bought as the business would purchase its supplies. . . .

"I feel that the day is coming when all businesses will have to recognize that it is a man's yearly income which matters and not how much he earns in one hour or one day or one month."

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Provide your payroll and Social Security data too

Executives interested in RESULTS will be interested in punched card accounting. By this modern accounting method, complete payrolls are prepared promptly and in ample detail to meet exacting standards. At the same time, State and Federal Social Security deductions are obtained by automatic machine operation.

By the punched card method, detailed facts are first recorded in the cards in the form of punched holes. Electric Bookkeeping and Accounting Machines then "read" this punched card record and automatically compute and print the required results.

The accuracy and speed of this method are bringing economy and closer control to thousands of businesses and governmental agencies. Investigate NOW the advantages it offers you.

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International Electric Bookkeeping and Accounting Machines compute and print automatically such information as: Hours Worked, Gross Earnings, State Unemployment Compensation Deductions, Federal Old Age Benefit Deductions, Net Amounts Payable.

WHEN...

Complete Payrolls and Social Security Reports are available promptly after the close of any period.

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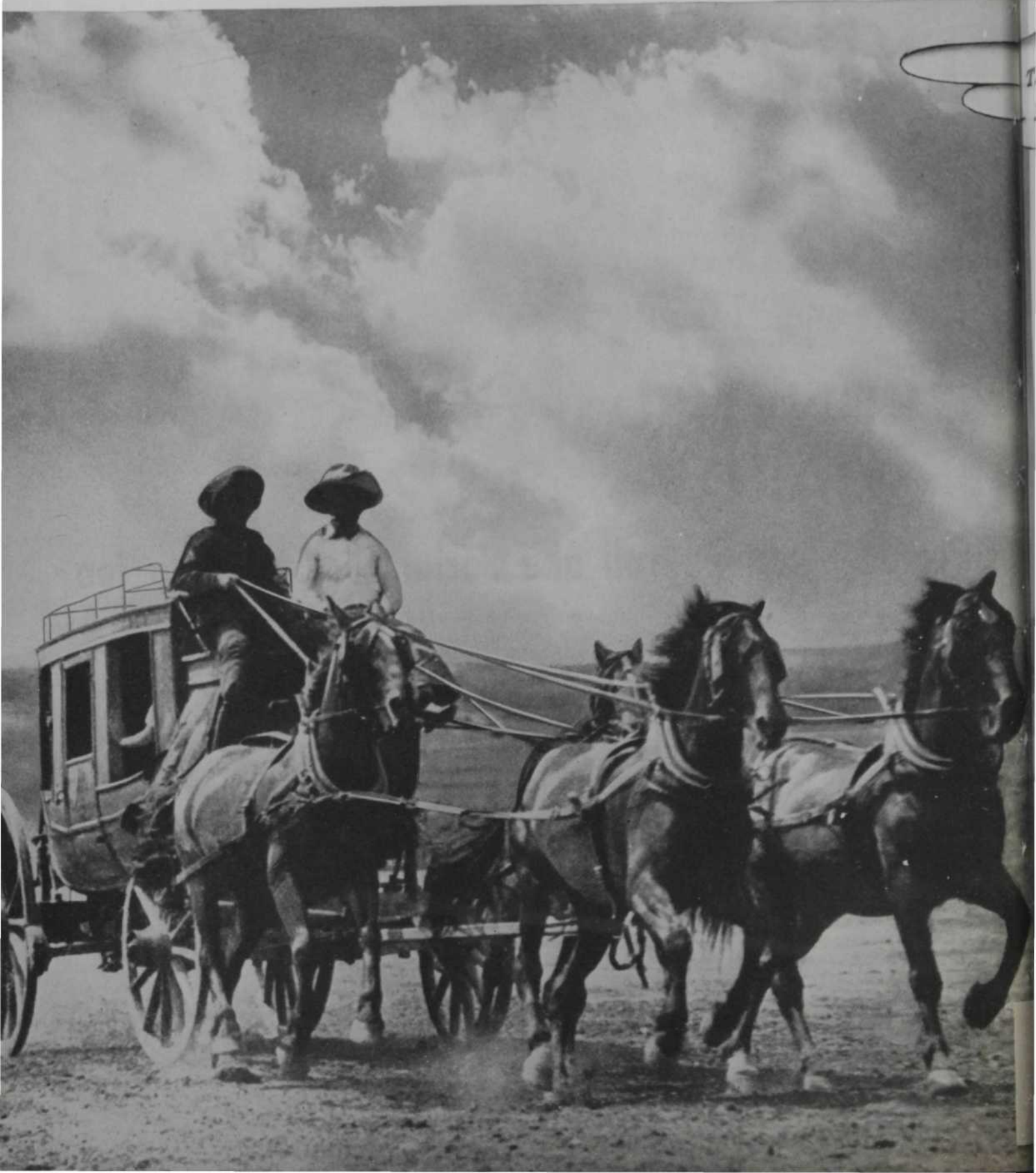
INTERNATIONAL BUSINESS MACHINES CORPORATION

GENERAL OFFICES: 270 BROADWAY, NEW YORK, N. Y.



BRANCH OFFICES IN PRINCIPAL CITIES OF THE WORLD

A hard day's



journey becomes an hour's ride

THE WORLD MOVES FORWARD WITH STEEL



THE STAGE-COACH, romantic to look at but tough on the bones, took five hours to rattle over the forty miles from Boston to Providence. There, weary passengers alighted and continued their journey to New York by boat.

Today's smooth-moving, soft-riding buses glide from Boston to New York in 6 hours, from New York to Chicago in 27½ hours, and from coast to coast in 99 hours. And cross-country runs are only part of the service that buses render. They carry millions of children to school. They are revolutionizing city transportation.

It is a new business and sprang from humble seeds—from the despised little jitneys of 1914. No one then could have foreseen that the descendants of the jitneys would one day be carrying three billion passengers a year.

But automotive engineers went to work; so did the laboratories of United States Steel and the workers in its mills. As steel improved, buses improved. As new alloys were developed, as steel became cheaper, stronger, longer-lasting, more rust-resistant, buses grew swift, dependable, comfortable. Once more steel, and United States Steel, has helped the world move forward.



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UNITED STATES STEEL

Labor is Dependent on Others

By FREDERICK A. VAN FLEET

IT WOULD be a great deal easier to understand the issues in this rising conflict between employed and employer over the rights of labor if we could just remember that every merchandise value we have in this modern world is created by the labor of somebody, somewhere.

That is to say in effect that there is no such thing as intrinsic value of raw materials. In fact, there is no such thing as raw material in industry until you get way back to the coal or ore lying untouched in the ground or the tree standing untouched in the forest. These have some potential value, but even that is based upon their being brought out for use and labor has to do that.

Natural ore has little value

A TON of ore in the ground is worth some 38 cents, based upon a fair average of royalty paid; a ton of coal around ten cents. A diamond as big as your fist would have no more value than any other piece of rock if men had not learned to bring out its beauty by the highly skilled labor of cutting.

When the ore or coal is removed from the ground or the tree is felled in the forest it ceases to be raw material and becomes the finished product of the miner or lumberman, to move through the various stages of manufacture until it becomes finished merchandise which the ultimate consumer will buy if the costs of successive steps have left it within reach of his buying power.

Because all merchandise values are created by labor all forms of labor are interdependent. The one group which attempts to take an important industry by the throat to enforce its own demands is singularly like the one automobile driver on a crowded road who gets out of the line to try to

get ahead. Either he crowds back into line at the expense of a lot of others, which would be the case if one group forces the payment to it of a larger share of present production costs or he causes a wreck, which would be the case if the demand of one group forces higher retail selling prices and thus restricts the market.

Perhaps there would be fewer strikes if those who decide to strike would first inquire who gets hurt when they quit working. Of course they themselves are the first losers, because there are few strikes of any duration where the lost time does not overbalance many months of any concession gained. But beyond them, who?

Certainly not management. Administration must go on even when production ceases. Not the union bosses. Their pay goes on. Quite likely the stockholder, because strikes stop production and there must be production for earnings.

But the hardest blow falls on other workers. First are the other workers in the same plant who want to keep on working but cannot because the

strike stops assembly or machining lines. Then there are the workers in other plants preceding or following in industrial progression the plant tied up.

The principal material of auto body plants, for instance, is sheet steel. When a big body shop quits an important part of the steel market dries up. When the rolling mill slackens its pace, the slabbing mill, the open hearth furnace, the blast furnace and all the other units which serve it are hurt. Going in the other direction, lack of bodies will close motor car factories and they in turn will hurt literally hundreds of other lines.

What the interdependence of industrial labor really means is that when one group goes out to enforce its own "inherent" rights it can take away the right of other groups to be employed at all.

But illustrating the interdependence of labor by showing how one group, pursuing its own ends, can hurt other workers, is not pleasant. It is far more constructive to show this interdependence by demonstrating how the creation of new manufacturing facilities in one line makes employment in many other lines:

One of the newest large projects in industrial expansion is a 98-inch continuous rolling mill for which Republic Steel Corporation recently let contracts. It is to be a stupendous thing covering approximately 19½ acres of ground with 15 buildings in two groups. Hot mill buildings are to be some 1,700 feet (nearly one-third of a mile) long by 400 feet wide and cold mill buildings 900 by 350. It will have a capacity of 700,000 tons of hot rolled sheets a year.

First reaction to such a project, at this time, will be that it is a magnificent exhibition of that boundless

What's Coming in July

★ ★ ★

Qualities Today's Executives Need

By W. Rowland Allen

The Personnel Manager of L. S. Ayres & Company, Indianapolis, raises some questions to which thoughtful managers will want to know the answers. For instance: "How much of present-day unrest and how many strikes are the actual result of failures by management?"

How Efficient is Congress?

By Jay Robinson

How much do you actually know about how a bill becomes law? What happens when it is introduced? How does a bill get on the calendar? Who are the official "objectors" and what do they do? Mr. Robinson explains.

The Investment Trust Muddles Through

By Clifford B. Reeves

Investment trusts are again in the spotlight. First heard of in this country in the early 'Twenties, they have received little publicity during the past few years. In that time important changes have come about, both in the trusts and in general conditions. Investors will be interested.

STORY TELLING WITH BAKELITE

in the Radio Industry

RADIO has advanced a long way since the days of the radio-fan and his home-made crystal receiving set and ear-phones. Even in those old days, Bakelite Materials were preferred, and usually insisted upon, for panels, dials, knobs, rheostats, condensers and insulation.

Keeping pace with every advance in radio science and development, meeting each new need as it became evident, Bakelite Materials are still preferred for equipment used in every branch of the Radio Industry. Wired radio, short-wave and television, each brought new insulation problems, but radio engineers found Bakelite ready with a material that met their new requirements. Just a few of these modern applications of Bakelite Materials are shown here.



BROADCAST STUDIO—In the studio a microphone insulated with Bakelite Materials picks up the vibrations of the voice or music that are reproduced in your receiving set.



CONTROL ROOM—In the control room of the modern broadcast station, Bakelite Materials are used for well over a dozen different purposes where insulation stability is vital.



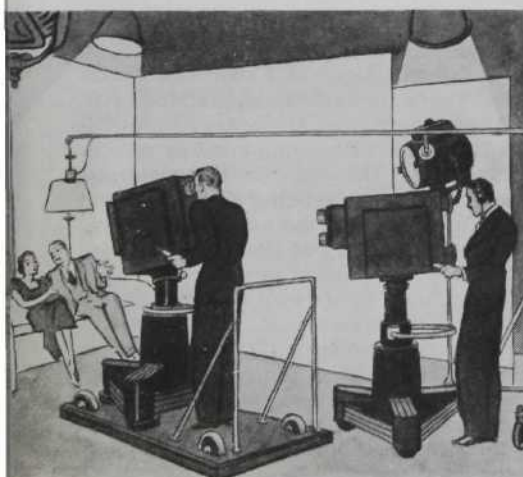
AT SEA—In the busy radio operator's room of the ocean liner, equipment for both receiving and sending is insulated with Bakelite Materials, and panels, dials, knobs and ear-phones are made of them.



AT HOME—It would be hard to find a radio receiver which did not have dozens of parts insulated with Bakelite Materials. In some, like that illustrated, the whole cabinet is a single seamless piece of Bakelite Molded.



POLICE PATROLS—Short-wave, high-frequency broadcasting and receiving, brought new insulation problems demanding a low-loss material of high stability. A special Bakelite Material was developed to meet the need.



TELEVISION—The new marvel of radio that transmits sound-pictures over the air, found many insulation requirements of camera and sound transmitter successfully met by Bakelite materials.



SERVICING—The precision instruments and devices used by the radio service man in testing or repairing receivers are made in whole, or in part, of Bakelite Materials.

RADIO is but one branch of the ever-widening electronic industry, and throughout this field of electronic development Bakelite Materials have been widely adopted for scores of purposes.

Bakelite Materials are obtainable in many forms, molded, laminated, cast, varnish, enamels, cements, and others. They are now used in practically every industry, and for thousands of different products.

More than likely one or more of these materials could be advantageously used in your products, and our engineers will be glad to consult with you about it. We invite you to write for our 48-page booklet 1 M "Bakelite Molded".

Bakelite Corporation, 247 Park Avenue, New York
Bakelite Corp. of Canada, Ltd., 163 Dufferin Street, Toronto

BAKELITE

courage which has put American industry in a class by itself—of that resistless urge industry has shown to go and meet the market without waiting for the market to come asking for materials.

But there is more to it than that. The courage which impels industrial leaders to put aside house slippers and don seven-league boots is not a speculative courage. It is founded on their conviction that industrial expansion makes employment and

employment makes markets which justify the expansion.

The studies which preceded the decision to build this giant mill took fully into account not only how much direct employment would be created, and how much indirect employment clear back to the ore and coal mines, but how much temporary employment the construction would create and how many automobiles and radios, refrigerators and washing machines and other conveniences made

largely of sheet steel would find buyers because of the millions of dollars of pay roll money poured into trade channels.

This new mill is being built to make work as well as to roll steel. I asked Republic operating officials to compute the man hours of work the mill will create. Not all of them can be accounted for exactly, but enough of them can be to make an interesting picture.

In the first place the new mill, in

Labor Relations Rulers



Joseph Warren Madden, Chairman of the National Labor Relations Board

Donald Wakefield Smith and Edwin S. Smith, associate members, who will help decide labor disputes

THESE three members of the National Labor Relations Board will play a large part in determining the future course of employer-employee relations in America. Employers engaged in interstate commerce must depend upon the impartial judgment of these board members to determine their rights under provisions of the Wagner Labor Relations Act. All three members have been called "pro-labor."

J. Warren Madden, the chairman, is 47 and a native of Illinois. Educated at the Universities of Illinois and Chicago, he has taught law in several universities and is now on furlough from Pittsburgh University. He once served as chairman of an arbitration board in a street car dispute in Pittsburgh. His name was submitted to President Roosevelt by the A. F. of L. as a suitable member for the Board. He is a member of the Board of the Pittsburgh Federation of Social Agencies and was on Governor Pinchot's Commission on Special Policing in Industry. He is author of "Cases on Persons and Domestic Relations, Including Marriage and Divorce," and "Treatise of the Law on Domestic Relations and Persons," as well as co-editor of books on real property.

Edwin S. Smith, born at Brookline, Mass., is 46. A graduate of Harvard, he has served on the staff of the Russell Sage

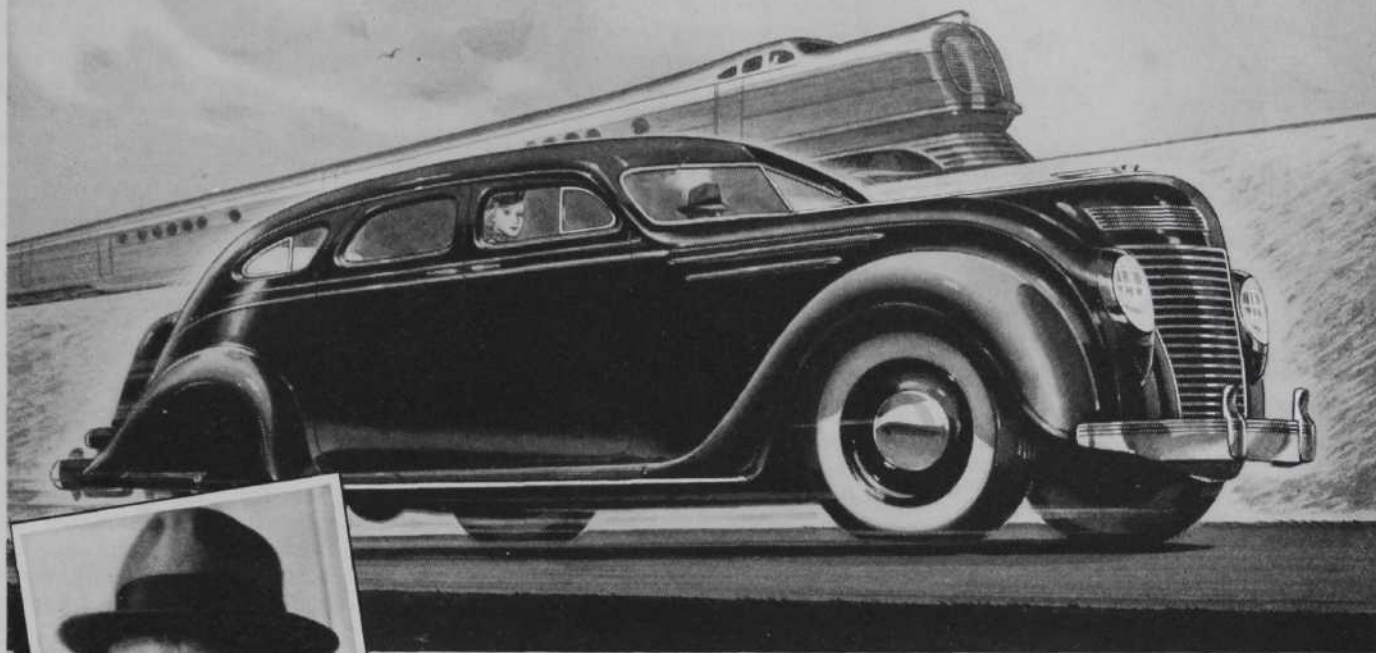
Foundation, was employment manager for Wm. Filene & Sons Co. of Boston and Commissioner of Labor and Industries in Massachusetts. There he became acquainted with Secretary Perkins and was an original appointee of the National Labor Relations Board. He has been quoted as deploring "the potential menace of the organized lawlessness which many employing groups are practicing against labor."

Donald Wakefield Smith is 38, son of the assistant superintendent of the Duquesne Steel Foundry at Coraopolis, Pa. He succeeded John M. Carmody as a board member last Fall. Graduated from Pittsburgh and Georgetown Universities, he practiced law several years in Philadelphia, then moved to Washington, D. C., where he represented labor unions in cases involving the Bacon-Davis Act and in connection with immigration cases. He has been quoted as saying he doesn't remember a case either in labor conciliation or the immigration field in which he did not appear on the side of the human factor as opposed to the corporate.

These three men under 50, two lawyers and a social worker, will establish a policy that may go far in determining the trend of unionization in the major part of American industry.

CHRYSLER AIRFLOW SEDAN FOR SIX PASSENGERS

"THERE'S NOTHING LIKE IT ON WHEELS!"



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Airflow owners enjoy an exclusive luxury of roominess...because Airflow design permits the greatest possible space in the car.

Yet this same streamlining makes for genuine economy. The Airflow holds an official record of 18.1 miles per gallon...and owners' reports of "15 to 18 miles per gallon" are commonplace.

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Easy to buy. Time payments to fit your purse on official Commercial Credit Company plan.

- ☆ CHRYSLER AIRFLOW...Sedan and Coupe.
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- ☆ CHRYSLER IMPERIAL...Six body types.
- ☆ CHRYSLER ROYAL...Ten body types.

THE owners of the Chrysler Airflow are the happiest motorists in America. Their pleasure is exclusive. They enjoy things which simply don't exist in any other car.

They talk about the amazing riding ease... "640 miles in one day, with complete comfort."

The Floating Ride of the Airflow simply cannot be had elsewhere...for no other car is so scientifically balanced. No other builder has gone so far with advanced weight distribution.

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Exactly the recorder you need to keep your Social Security records. Full size time cards are used.

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operation, will employ 1,200 men. Inasmuch as it would have taken a great many more to make 700,000 tons of steel sheets annually in an old style mill, some of those who see only one word in a sentence or one line in a picture will say that this new mechanism is going to take bread out of the mouths of a lot of steel workers. That might be true if anybody could show where there would be market for 700,000 tons of steel sheets a year at a price dictated by 60 per cent or more extra labor to the ton.

It is more nearly correct to say that the labor created by this mill will be new work, because our whole industrial history shows how firmly lowered costs and larger markets are welded together.

The men who will get direct employment, however, through this mill are only a start. The daily consumption of 250,000 kilowatt hours of electric energy will require coal whose mining and handling will create about 333 man hours a day or an eight-hour day for 42 men, with probably some extra employment created in the generating station.

16 man hours per ton

THEN there is the indirect but still regular labor on the material of which sheet steel is made. This labor goes all the way back to the mines. Here is how it is distributed, in man hours or decimal fractions thereof per ton of finished sheets: slabbing mill, 2.3; open hearth furnace, 3.5; preparation and handling of melting scrap, 2.5; transportation of melting scrap, 1.2; blast furnace, 1.1; coke plant, .8; coal mining, 1.4; coal transportation, 1; ore mining, .5; ore transportation, 1.5; limestone quarrying, .1; limestone transportation, .1.

Add these hours and fractions and you will find that it takes 16 man hours of labor to bring slabs to this mill for every ton of its annual capacity. That means 11,200,000 man hours of labor a year. They figure 175 hours a month or 2,100 hours a year now, so the yearly total of man hours means full time employment for 5,330 men outside the mill or 6,572, including the men in the mill and the men who mine, prepare and ship the coal for power. These men will have steady jobs as long as this mill is running.

Computation of the regular labor to be created when this new mill goes into operation is fairly exact, because it is made by men whose business it is to know production costs in their own line. It is not so easy to be exact on the great temporary employment created by the construction of the mill and yet we can get a fair idea of the larger items. Republic officials

estimate that preparing the site, erecting the buildings and installing the machinery will take 1,000,000 hours. About 14,000 tons of structural steel will be used in the buildings.

The man hours per ton in structural steel would compare with those on hot rolled sheets, the steel men say, so here would be another 263,200 man hours, or a total of a full year's work for 601 men on site, buildings and the steel that goes in them.

As for the machinery, that can hardly be figured in man hours per ton as steel is. But there are yardsticks. Republic Steel Corporation has announced the cost of the whole new mill at \$15,000,000. Naturally they are not giving out the amounts of the various contracts. But a number of continuous rolling mills have been built in recent years. Those who know the steel business say that the \$15,000,000 would break down to about \$3,000,000 for land, preparation of land and buildings, \$2,000,000 for electrical equipment and \$10,000,000 for machinery.

One way to figure the labor created would be to measure its cost by the relation between man hours and finished merchandise in the machine tool industry. The federal census of manufactures for 1930 gives the total employment in the industry in 1929 and the value of goods produced. The years 1929 and 1937 might be fairly comparable except that hours in shops may have been a bit longer in 1929. At any rate, figuring on a 200 hour month, the machine tool industry showed \$1.29 dollar value of finished merchandise to each man hour of employment.

On that basis, a \$10,000,000 machine order would mean 7,751,937 man hours or one year of 2,100 hours for 3,691 men.

Many hours' work on machinery

WEIGHTS of the machinery, exclusive of the cranes, are available. They show a total of 13,250 tons. Most of this, by weight, is steel. Giving both cast and bar steel the same hour rate as ingot at the open hearth, 12.39 hours a ton would add 164,167 more man hours, or a full year's work for 77 men.

The electrical equipment industry in 1929 showed \$2.396 in finished merchandise per man hour of employment. If this electrical equipment is costing \$2,000,000 it would mean, on that basis, full employment for 418 men for a year. On that kind of a yardstick, and disregarding the cost of bricks and mortar and other things not figured on the building or copper and bronze and insulation and the

(Continued on page 144)

CUT COST OF PAYROLL ACCOUNTING

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PREPARE simultaneously at one writing (1) employees' wage records; (2) employees' deduction stubs; (3) employees' pay checks or envelopes; (4) payroll journal. You can do it faster . . . easier . . . and with greater accuracy on the Remington Rand Model "85". The proven, extra economies of this completely electrified payroll machine, help you avoid the extra costs of meeting the new accounting requirements, necessitated by recent legislation and increased business activity.

To help solve your Social Security problems, Remington Rand has prepared a new manual on Payroll Accounting. It describes, with detailed exhibits, the four most efficient methods of handling payrolls. Write on your business letterhead for your free copy today to Remington Rand Inc., Buffalo, New York.

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Leaders in the March of Business



Mark W. Cresap



George P. Brett



William S. Knudsen

MARK W. CRESAP, president of Hart Schaffner & Marx, whose company is celebrating its 50th anniversary year. Born in Pleasant Grove, Minnesota, 1873. Joined company in 1903. Served as chairman of Men's Clothing Code Authority, 1933-35, is president of the Board of Trustees of Northwestern University, and a director of United Airlines.

William S. Knudsen, new president of General Motors. Came to America from Denmark when 20. With Ford Company from 1913 to 1921. Served as general manager of Chevrolet for ten years and executive vice-president, General Motors, for four. His goal is a minimum work year of 46 weeks achieved by eliminating seasonal spurts and overtime.

George P. Brett, president of The Macmillan Company, whose company was among the first to take action under New York's Fair Trade Act. Among their books is "Gone With the Wind," with a sale of more than 1,300,000 copies. Sold at less than a dollar in some places, Mr. Brett established the retail price at \$3.00 to eliminate price wars.

William M. Jeffers, 61, who will succeed Carl R. Gray as president of Union Pacific Railroad. Entered the service of his company in 1890 as a call boy and worked up through ranks to his present position of executive vice-president. Pioneer advocate of safety campaigns, low fares, 25 and 35 cent dining car meals, exclusive cars for women and children.

Tobé Collier Davis, well known stylist, who with Julia Coburn, a fashion editor, will head a School for Fashion Careers with one and two year courses.



William M. Jeffers



Tobé



In this
angry sea-

AN OFFICER IS SHAVING BELOW DECKS IN PERFECT SAFETY

AN OFFICER'S WIFE WROTE THIS UNSOLICITED LETTER TO US

“Eight months ago, I gave a Schick as a gift to my husband, who is an officer in one of our American merchant ships. From the first day he used it, he has had nothing but unqualified praise for it.

“He had an unusually tough beard and tender skin, and, of course, the troubles of razor shaving are, with him, a thing of the past.

“What impressed me most is that so often in his letters he writes, ‘It was so rough—we pitched and rolled—but it was as easy as ever to shave with my Schick, whereas I couldn’t possibly have shaved with a razor this morning.’

“Another time the boilers were shut down for repairs and there was no hot water for shaving—which condition didn’t bother him at all.”

These astonishing Schick stories

Day after day we receive letters of the use of Schick Shavers under remarkable circumstances. A half-paralyzed man uses one. Blind men shave without danger. A man breaks his right arm and

shaves with a Schick in his left. Two days after a dangerous major operation, the 60-year-old patient shaves himself. One Schick Shaver shaves 50 men on flood relief work for many days. Literally thousands of letters in our files tell

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these marvelous stories of the Schick Shaver.

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Are you still using old-fashioned methods of shaving? The Schick will give you quick, close shaves. You use no lather . . . it has no blades. You cannot cut or scrape yourself. And, in time, it gives you a new skin to replace the blade-calloused tissue of your face.

Go to a dealer today

Ask him to show you a Schick Shaver. Try it yourself. Buy one and use it for 30 days *without using a blade* and you will be enthusiastically convinced.

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SCHICK SHAVER



Fifteen agencies dealing in real estate finance pumped vast sums out of the Treasury

Uncle Sam's Real Estate Business

By DONALD MACGREGOR

HOW can the Government liquidate its tremendous investment in home mortgages without disrupting the real estate market? Nobody has the answer

OUR Uncle Sam is up to his whiskers in the real estate business.

Over the length and breadth of the country, in virtually every state and in most of the counties of some, he is tacking "For Sale" signs on the property, most of it residential, he suddenly has found in his hands through the unsatisfactory outcome of some of the federal financing negotiated in the course of the emergency.

"If you don't like this house," he remarks, hammer in hand, "I've got plenty of others."

His prospective volume of business is many times greater than that of any private real estate operator, including the large insurance companies and other lending institutions which also felt compelled to take over distressed properties through foreclosure. Like the others, he sees in the currently-rising real estate market an opportunity to liquidate his frozen investments; and in the coming months his course of action as an

operator will interest landlords and mortgage lenders generally.

The houses and lots which Uncle Sam will sell answer all descriptions. They are big or little houses, up to three stories high and are frame, brick or stucco. They are in principal streets or in alleys, in suburbs or in towns. If they are not now in repair, Uncle Sam will see that they soon are—that the paint is good, that the paper is fresh, that the doors fit snugly, that the roof doesn't leak and that the plumbing works.

Houses for sale and rent

HE will assist promising prospects in arranging purchase terms that will suit their pocketbooks. Finally, if he fails to find anybody to buy a particular house he will rent it by the month.

In general, this is the logical and to-have-been-anticipated aftermath of the wholesale financial assistance

given to property owners by the numerous governmental agencies when the private lending institutions that held the mortgages were forced to begin a wave of foreclosures immediately after the economic collapse. But some of the dwellings already sold or being offered for sale have been acquired by the Federal Housing Administration through foreclosure following delinquency under the new, 20-year, monthly-payment, insured-mortgage program. During the emergency, 15 alphabetical agencies dealing with real estate credit and finance pumped such vast sums out of the Treasury that it is scant wonder now, with reckoning day at hand, that the Government finds it necessary to compute the number of repossessed properties on adding machines.

In addition, the Government is selling the real estate previously acquired for its own use and which, because of the public building program of the past few years, no longer is necessary. The Treasury Department recently announced an offering of 50 post office and similar sites which have been supplanted by new ones. Some of these will be purchased by the cities in which they are located, under a law enacted by the last Congress permitting them to buy the sur-



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HEAD SWING

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THERE's no stopping to hunt for a key when you use an Underwood Sundstrand. No eye-wandering or head-swinging to invite error or induce fatigue. With only 10 numeral keys to operate, *touch-figuring* is a natural development.

The Underwood Sundstrand writes figures on the tape, adds and subtracts, 15% to 25% faster. A new exclusive 3-Point Control feature provides amazing figuring short cuts, in division and multiplication... allows three keys to perform six important operations.

Let us demonstrate the new Underwood Sundstrand on your own work, in your own office, using your own operator. We believe you will find it to be 15% to 25% faster. There is a manually or electrically operated model for every figuring purpose. Why not get in touch with our nearest Branch office today? Every Underwood Sundstrand machine is backed by nation-wide, company-owned service facilities.

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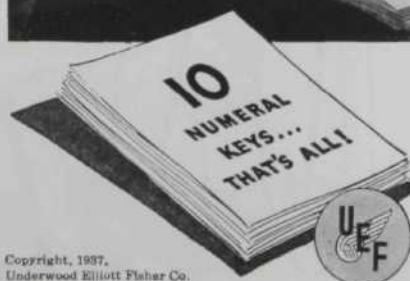
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4368 CHECKS PER HOUR

Miss Roberta Taylor, employed by internationally-known mail order house, demonstrates the high speed of her Underwood Sundstrand by listing and adding bank checks as part of her regular run of the day's work, at the rate of 4,368 per hour. Note that she watches the work instead of the keyboard.



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**Underwood
Sundstrand**
ADDING-FIGURING MACHINES

plus buildings and sites for half their appraised value if they are to be used for public purposes.

The dwellings in question are to be sold on a commission basis by the recognized real estate dealers of the communities. That is to be the general rule. But, so far, it appears to be the only general rule!

The congressional hearings on the appropriation bills providing funds for governmental activities for the fiscal year beginning July 1 developed the information that the two chief agencies now acquiring urban homes and, therefore, whose sales policies, if not carefully developed, might influence the general structure of values, are without a concerted program on what to do with them. Both the Home Owners' Loan Corporation and the Federal Housing Administration have different ideas about the proper time for selling and the price to ask.

John H. Fahey, who, as chairman of the Federal Home Loan Bank Board, is head of the Home Owners' Loan Corporation, told the House Appropriations committee that his organization would proceed in its selling program with caution and full regard for the interest of private owners. He said:

The corporation does not propose to dump on the market the properties which it is obliged to take over. The pro-

cedure adopted provides that properties will not be offered for sale at less than fair value and that a greater number of properties will not be offered in a particular market than that market can absorb, having in mind not only the offerings of the corporation but also the offerings of other institutions in the community.

The corporation is not unmindful of the continued need of stabilization in the real estate market. When our analysis discloses that a property can be sold to a better advantage at a future date it will not be placed on the market immediately, but will be held for rent until market conditions are more favorable and the property can be sold to best advantage.

When properties are held for rent the rental asked will be enough to produce a fair return on the present value of the property, as determined by sound appraisal methods. The procedure established for the sale and management of properties by the corporation is based upon the methods followed by insurance companies and large mortgage-lending institutions.

Selling out at discount

THE position of the Federal Housing Administration, on the other hand, was stated by Stewart McDonald, the administrator, when he appeared before the Senate Appropriations committee:

My policy is to dispose of those properties as fast as possible, even if we have to take a small loss on them.

This signifies a willingness by Mr.

McDonald to cut more than 20 per cent from the appraised value of such a piece of property (no insured mortgage may exceed 80 per cent, thereby limiting the Government's interest to that); and such selling might be cause for concern by the man who owns the house next door, as well as others, were the Federal Housing Administration more of a factor in the home-mortgage field.

In its third year of operation as a mortgage-insuring agency, the Federal Housing Administration's premium-paying mortgages amount in value to less than 2½ per cent of the home-mortgage debt of the country—so that, at least now, even if the bad-loan percentage proves higher than anticipated, thus causing more foreclosures than probably will occur, an arbitrary sales policy would have negligible effect on the market. By far the greater number of dwellings to be sold will be those on which the Home Owners' Loan Corporation foreclosed.

How many there will be nobody can tell exactly. The Corporation already has authorized foreclosure on 73,000 homes, but, due to the necessity for time in legal proceedings and to varying state laws, some of which prescribe redemption periods, the

(Continued on page 146)

Houses on which Uncle Sam is forced to foreclose and offer for sale may total 160,000



*"There must be some way by which we can
save money on our business forms."*

*"Can't we contact our prospects more often
without spending more money?"*

*"We've got to find a way to get better
mailings and get them out quicker."*

PUT IDEAS TO WORK
with this *New* method

*"Let's find a way to make our direct
advertising budget go further."*

Multilithing

Makes it possible in your own office

IDEAS are the power in business progress . . . ideas that increase factory, store and office efficiency . . . ideas that build sales . . . ideas that collect money . . . ideas that result in economies.

Paper is the vehicle that carries word and picture ideas forward.

Now, in your own office, by a new and easy method, you can produce the advertising, selling literature, bulletins and other communications and wide variety of forms that put ideas to work. The method is Multilithing . . . different from any other office process.

Multilithing is simple. It is fast. It includes the widest range of uses . . . work no other office device can do. It is a big saver of money. And the quality is comparable with the finest!

Samples of Multilithing, with complete information about this new process, will be sent to those who make request on their business stationery. Ask for Facts About Multilithing.

● Multilith is a new development by the makers of Multigraph . . . and Set-O-Type, Compotype and Noiseless Folding Machines . . . used all over the world for more than thirty-five years. All machines are sold on convenient terms.

ADDRESSOGRAPH-MULTIGRAPH CORPORATION, Cleveland, Ohio

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, Ltd., TORONTO • Sales Agencies in Principal Cities Throughout the World

*Save
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business forms
bulletins, post cards
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catalogs, price lists
announcements
letterheads
time cards, checks
wrappers, labels
display and price cards
house publications

ALL KINDS of forms,
communications and
sales literature!



U. S. DEPT. OF AGRICULTURE

A crop failure is a calamity, not only to the farmer, but to his creditors

The Goal of Crop Insurance

By A. G. BLACK

Chief of the Bureau of Agricultural Economics

IF YOU were an insurance executive sizing up the possibilities of all-risk crop insurance today, perhaps you would conclude, "There's nothing in this proposition. I can't go into that field and make it pay."

Perhaps you would be right. It is conceivable that a private company might not be able to see a profit in all-risk crop insurance at present, except under abnormally favorable conditions.

You might come to the same conclusion about bank deposit insurance or old age insurance.

But the Government's position in regard to some of these economic problems differs from that of the private business man. The case for a crop insurance undertaking by the Government is rooted in that fact.

This question of crop insurance is like some other public questions with which we have been occupied in the past few years. It is not entirely a matter of whether we shall take certain action, but whether we can avoid such action in the face of less de-

ONE of the men appointed by the President to study the possibilities of protecting the farmer against losses from crop failure explains the studies that led to the present plan and explains how the system will work, what it is expected to do and why it should work where private operation has not

sirable alternatives. If Government could adopt a sort of "sit-down" attitude on a number of economic problems, it would, perhaps, be a simple solution. Events in the past few years, however, seemingly have made it clear that Government cannot always stand aside and let matters take their course.

Years ago when this country dwelt in something like a purely barter economy, the individual producer was not up against the same problems that he faces now. The scheme of production in those times made each family a relatively self-sufficient unit.

The farmer produced what he needed of food, of clothing and other materials. Land was free or very cheap. The tools of production were simple, and the credit problem for the average farmer was a small matter. He did not have heavy fixed charges to meet every year in cash. He produced a greater variety of crops, thus being less dependent on anyone. Moreover, the self-contained scheme of things was such that any large program of public relief was almost unknown. That is not to say that public relief was not needed, nor that farmers then escaped suffering and

"MAYBE IT'S JUST THE FINANCING YOU NEED"

WHAT purchase of Commercial Credit Company short term securities for our portfolio was a good idea. It's a sound set-up they have, isn't it?"

"It certainly is. I'm particularly interested in their open accounts receivable financing. A manufacturer I know has been using it for some time."



"Is that so? What made him try it?"

"He didn't have enough capital...had to find new financing to keep up with his orders. He was just about to take in a partner. It would have cost him a third interest, and he wanted to avoid that."



"That sounds familiar. I know several cases where those same conditions have arisen in the past year. What did your friend do?"

"He investigated Commercial Credit Company financing. They showed him how he could handle 25% more business, save discounts on purchases, and buy his raw materials at low cash prices. He is making a clean-up this year."



"I used to have the idea that there was something risky in that sort of financing. But that report on Commercial Credit Company's policies, methods, management and clients was an eye-opener. That's just the kind of financial service business needs in these days."

"No doubt about it. Some of our wholesalers could use it to advantage. I think I'll have our credit department give them a hint to that effect."



COMMERCIAL CREDIT COMPANY discounted nearly \$800,000,000 of open accounts and notes receivable in 1936. A large part of the funds employed came from great corporations, insurance companies and investors with surplus to invest in its capital and long or short term securities. Their investigation

satisfied them that Commercial Credit's Receivable financing is soundly conceived, and the Company is capably managed. Manufacturers and wholesalers, desirous of improving their cash position and credit rating, should investigate. All correspondence or consultations are confidential. Write today.

COMMERCIAL CREDIT COMPANY

NEW YORK

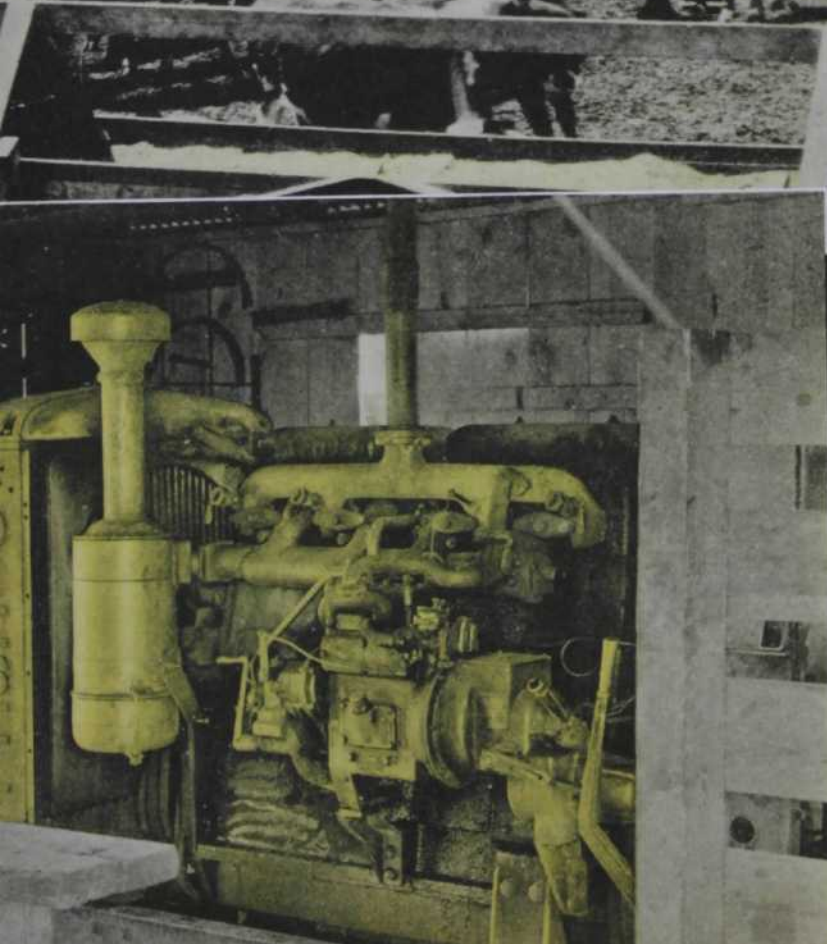
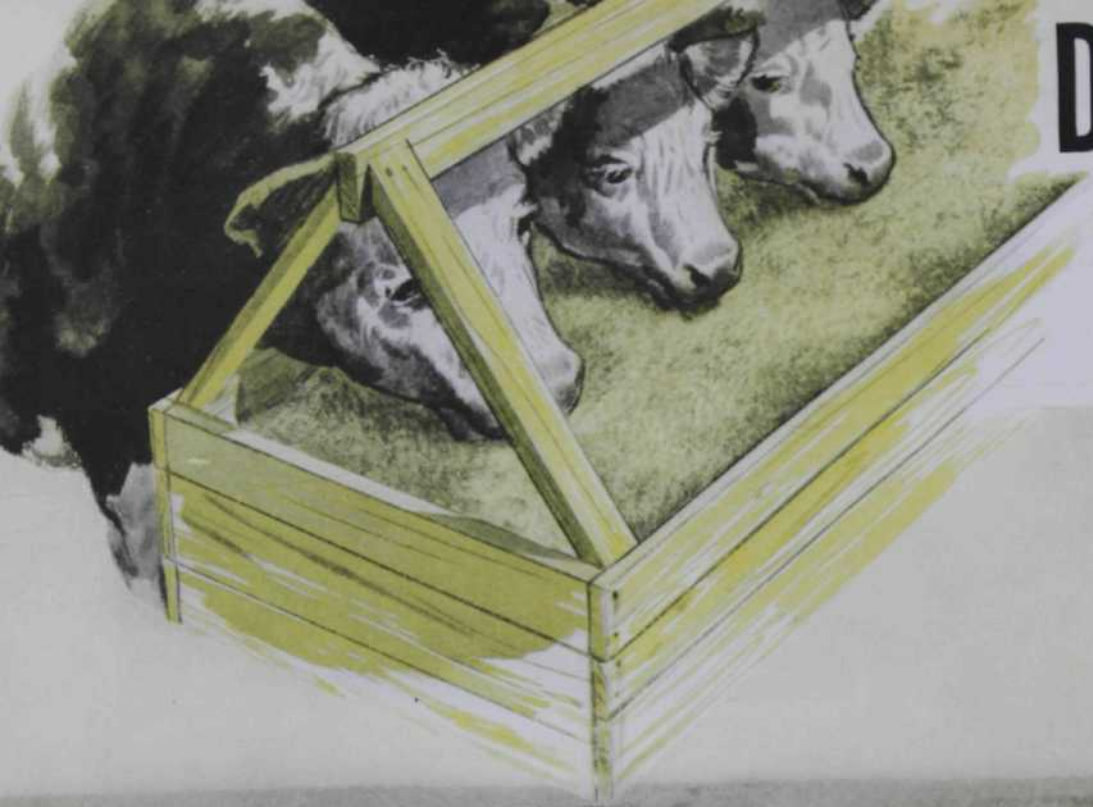
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BALTIMORE

PORTLAND, ORE.

SAN FRANCISCO

DIESELS



83 LEADING MANUFACTURERS
POWER THEIR PRODUCTS WITH
"CATERPILLAR" DIESEL ENGINES

CATERPILLAR

REG. U.S. PAT. OFF.

CATERPILLAR TRACTOR CO., PEORIA, ILLINOIS

GRIND FEED FOR **10,000** STEERS!

300,000 lbs. of special feed per day is the menu at these cattle-fattening pens near Brownfield, Texas, where Texas and Mexican steers are "finished" for the Eastern markets. Six tons of feed have to be ground and mixed per hour—but two hard-working "Caterpillar" Diesel Engines handle the job with ease—on the extremely low operating cost of 20 cents an hour apiece. To prepare these many-ton meals, the Diesels operate two hammermills for grinding, a Cyclone Cleaner and fans blowing into the mixer—and they've been running this equipment for more than 10,000 hours without a hitch.

The consistently low operating costs and reliability of this modern Diesel power have won it field after field of enthusiastic users. And . . . low first costs, made possible by the large-volume production of the world's largest manufacturer of Diesel horsepower, increase its economy.



PLOWING HILLY WHEATLAND

On only two gallons of low-price Diesel fuel per hour, this wide-gauge Diesel tractor easily handles five 16-inch moldboard plows on the steep hillsides. It pulls this load in fourth gear, making 3.7 miles per hour.



PUMPING 4000 GALLONS FOR A PENNY! Irrigating 400 acres near Plainview, Texas, this Diesel operates a pump that delivers 1160 gallons per minute from a 95-foot lift. Total cost of fuel and lubrication is only 17 cents an hour—or ¼ cent per thousand gallons!



FINISHING SUB-GRADE

Four cents an hour buys the fuel for this "Caterpillar" Diesel Auto Patrol, shown spreading sand for sub-grade of a new concrete highway near Cowenton, Md. Perfect traction with low-pressure tires, accurate control of blade, and planing action of the long blade and wheelbase guarantee a finished job with this equipment.

DIESEL ENGINES

WORLD'S LARGEST MANUFACTURER OF DIESEL ENGINES, TRACK-TYPE TRACTORS AND ROAD MACHINERY

CATERPILLAR TRACTOR CO.
Dept. NB5, Peoria, Illinois, U. S. A.

Gentlemen: Please send me information on "Caterpillar"

☐ DIESEL ENGINES ☐ TRACTORS
☐ ROAD MACHINERY

I need power for _____

Name _____

distress in the wake of crop failure.

With the change to the modern commercial economy, however, the picture became quite different. The farmer no longer is a self-sufficient producing unit. He produces certain things to sell for cash, and in turn figures in the markets as a buyer of other men's products. Under this system the farmer has had to assume a burden of fixed charges and preserve his credit status in the face of bad times. A crop failure is a calamity not only to the grower but to his creditors, to the schools and roads supported by his taxes, and to the entire business community which depends largely upon his trade.

Price swings hurt trade

IN THE past few years we have been through a severe agricultural depression. Market supplies and prices of farm products have fluctuated wildly. We have seen how devastating these gyrations in supply and prices can be, not only to the producer but to consumers and those in the channels of trade. Certainly it is in the public interest to do what reasonably can be done to iron out some of these violent swings in supply and prices. If public action in a field like crop insurance could help to stabilize the markets, I think the average business man

would concede it as a point well made.

Another consideration is the matter of governmental relief programs in time of acute depression. This alternative makes crop insurance (or any other constructive proposal) seem to have some features of desirability by comparison.

The Government has put up hundreds of millions of dollars for relief in one form or another in the past 15 years. Almost every year some area in the United States suffers from disastrous crop failures. In the drought years, 1934-36, the Government has been obliged to extend widespread assistance in such areas. Since 1921 federal seed and feed loans have been made available in 11 years. In all, 36 States have made some use of the federal seed loans in at least five out of the 11 years. In 1932, 1934 and 1935 every state except one (Rhode Island) obtained seed loans.

In the more recent years the FERA, the WPA, and the Resettlement Administration also have played a part in federal relief in the cases of crop disaster. The AAA programs in the past three years were a large factor in providing relief in the drought areas. Many farmers whose crops were complete failures depended upon the AAA payments as their only source of income. Also, the AAA bought large numbers of cattle

and sheep in drought areas where farmers were virtually unable to feed them.

In other words, costly relief expenditures loom up as the alternative to a governmental program which will help producers to stand on their own feet.

Now what is this crop insurance proposal? The general idea is not new. It has been before the public in one form or another for 30 years. Scarcely a Congress in recent years but has considered some proposals for crop insurance legislation.

Reasons for past failures

AT this point someone will remark that private companies have tackled this job and failed. In a sense that is true. Private companies have entered the field of crop insurance at least four times since 1899. All these ventures may be termed failures. The reasons for those failures are fairly well known.

In the first place, the insurance was put into effect in rather restricted areas which left it open to the hazard of local crop failure.

In the second place, the companies attempted to take on the job of insuring the farmer's income rather than merely his losses of crop. That is to say, they assumed the hazard of a decline in price as well as of failure of the crop itself. On this score it may be observed that they were unlucky enough to hit one of the worst price collapses in modern times.

In the third place, there is reasonable doubt as to whether the companies had enough data to build their insurance programs on a safe actuarial basis. They were working in an experimental field with little to help them estimate risks and premiums.

The AAA, in its programs of the past three years, has collected a body of data on individual yields, production and acreage such as never has been available anywhere before. This is true especially of wheat farms. We have never before had so good a basis as we now have for estimates of crop losses and necessary premiums.

When the pressure arising from drought and misfortune in the wheat regions had led up to serious consideration of crop insurance, the President last fall appointed a committee to study this whole subject and report to him upon the advisability of legislation. On this committee were the Secretary of Agriculture; Wayne C. Taylor, Assistant Secretary of the Treasury; Ernest G. Draper, Assistant Secretary of Commerce; H. R. Tolley, Administrator, AAA; and myself as Chief of the Bureau of Agricultural Economics.

This committee tried to dig into



U. S. DEPT. OF AGRICULTURE

The grower would pay his premium by delivering wheat to a local elevator. In case of loss, he might receive wheat or cash



... He is the Specialist who responds at any hour to your emergency call. He knows, as no one else does, the arteries of life in your building . . . these vital lines of pipe which are sealed in concrete, walled in plaster, and buried underground and *which must not fail*. Your plumber's judgment is sound. He is your most reliable guide to a safe plumbing investment. Because he knows what pipe must do he recommends COP-R-LOY Pipe . . . for its economy to you; for the *better* service this famous Wheeling metal gives you through a *longer* period of years. Architects and engineers back up your plumber's recommendation of COP-R-LOY Pipe. They specify it, not alone for plumbing, heating and air conditioning, but for power lines, refrigeration, irrigation and other great industrial projects where COP-R-LOY durability meets the demand for unfailing performance.



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COP-R-LOY IT'S WHEELING STEEL

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the question in such a way that its recommendations should take reasonable account of all of the realities in the situation. It called in the representatives of the old line insurance companies, who told us frankly of the limitations which any private company would be up against in undertaking a program of all-risk insurance. They expressed the opinion that no agency short of the federal Government could tackle the problem with reasonable hope of success. The case was likened somewhat to that of bank deposit insurance. The failures of the private companies were freely discussed.

Those studying this question previously had leaned toward a system of insurance with payments "in kind." Any such system would, of course, involve a large problem of storage of the premium payments and reserves. The President's committee, therefore, called in representatives of private warehouse and commission interests and put the matter up to them. These gentlemen assured the committee that ample

storage space would be available, that they were in position to offer the Government all the storage space it would need at low rates.

Our committee, after extensive consideration of the matter, felt that the possibilities were sufficient to warrant an experiment in crop insurance. We recommended to the President that the start be made with one crop only. Wheat was chosen because of the need for it, because wheat

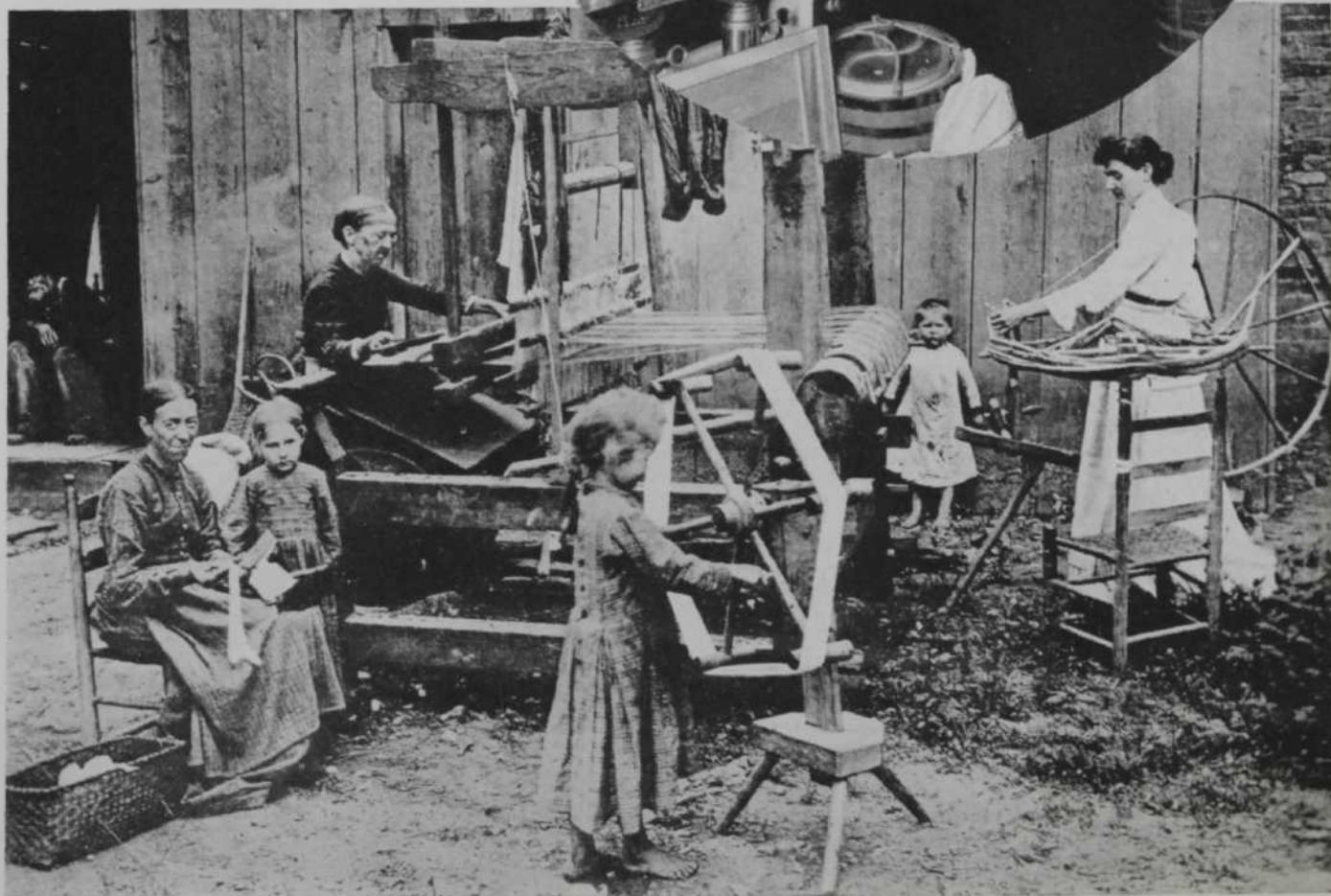
is reasonably well adapted to come under such a system, and because wheat growers were foremost in urging it.

Under the proposed plan, the crop insurance will be entirely optional, although under some of the new insurance systems in Europe it is made compulsory. It will almost necessarily have to be tied up with cooperation in the Soil Conservation Program, and
(Continued on page 158)

Years ago the farm was a self-sufficient unit. Today the farmer sells for cash and buys what he needs



HOKYDCZAK



U. S. DEPT. OF AGRICULTURE



Photograph of a typical aluminum alloy, through a microscope to produce a magnification of 500 times.

NEW METALS MADE TO ORDER

Useful Alloys of Aluminum Do Not Just Happen

SOMEWHERE in the literature describing nearly any new product you will find the statement "made of new alloy." More and more frequently you find the words "of aluminum" finishing up the phrase.

The word *alloy* has become an industrial commonplace, yet the very fact of alloys is one of the significant things in modern industry.



For industry can progress only as its materials improve. The metals, including aluminum, are among industry's important materials. And alloys are simply

metals built to industry's own specifications.

An alloy begins with a metal having certain dominant natural characteristics; additional qualities are developed by deliberate combination with other metals. The result is virtually a new metal, with certain properties greatly improved and with new kinds of usefulness.

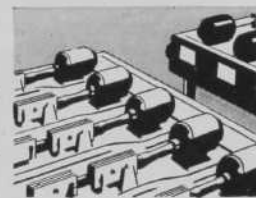
The natural characteristics of aluminum are lightness, resistance to corrosion, and excellent heat conductivity. When there is a need in industry for these intrinsic advantages, coupled with a new set of physical properties, such as greater strength or hardness, research is called upon to develop a new alloy.

The specifications demanded become a definite problem for attack in the laboratory by metallurgists and other scientists who are grounded in the theory and the history of alloy development.

After they have determined the best

metals, and the amounts of each which need to be combined with aluminum to meet the specifications, the alloy is put through thousands of tests to determine whether the desired qualities have been achieved, and particularly whether the results are uniformly dependable.

The experts in manufacturing have their innings, too. Can the alloy be cast or worked as intended? How does it machine? What of welding? How about surface finish? And finally, what of the cost? Can the alloy be made at a cost which will



enable industry to use it with true economy?

It takes men to make an alloy — many men. It takes extensive (and expensive) equipment. And it takes time.

Research has already developed many different alloys of aluminum, each with its own special combination of useful characteristics. How many more will be needed by industry, only time can tell. Some we are searching for at this writing, and what we are learning in such study will be helpful in meeting the even stiffer specifications which industry most certainly will be laying down tomorrow.

This is one of the ways we are accepting our responsibility to industry and to the general public; one of the ways in which we are trying to better our own business and our profits by making aluminum an increasingly useful metal.



ALCOA · ALUMINUM

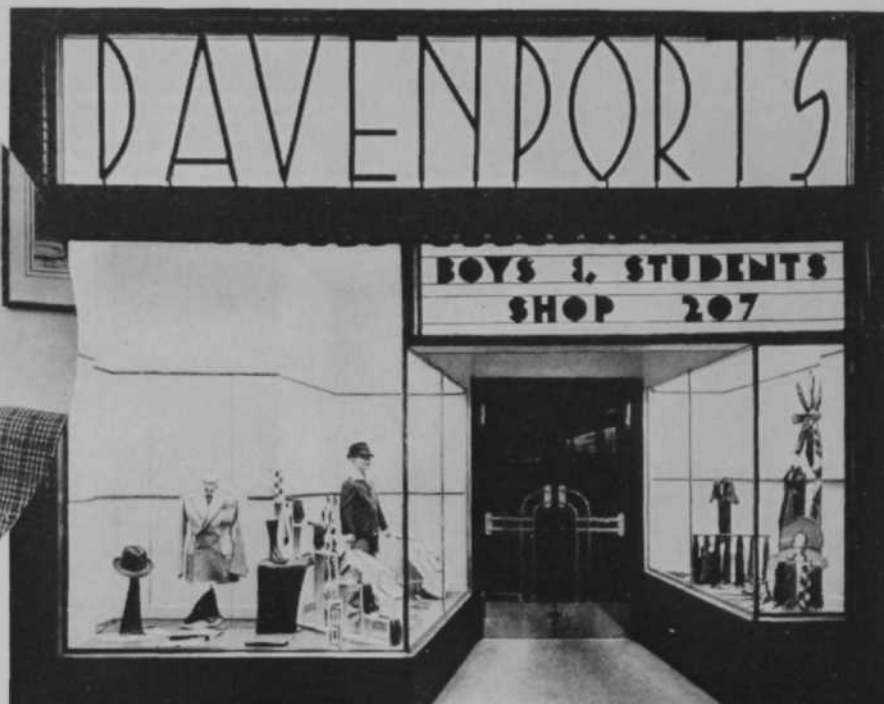
The Business of Seeing

By ROY A. PALMER

Illuminating Engineer, Duke Power Company



The I.E.S. study lamp helped manufacturers over depression



JAMES HUNTINGTON

Lighting is part of the building. Reflectors behind translucent glass silhouette the letters. Unlighted, the daytime appearance is excellent

THE visit of a lighting engineer and his wife to their niece in an eastern girls' school resulted in a development which lifted portable lamp manufacturers to a peak of activity which they have never experienced before. Here's how it came about.

The students at this school were studying under the light from a conventional desk lamp having a flexible arm with a half-round shade and a 40-watt bulb. The lighting engineer regarded this illumination as inadequate. He told his niece that he would find her a good study lamp as soon as he returned to New York.

A search for the right kind of a lamp proved futile. He took his problem to the Illuminating Engineering Society of which he was past-president. A committee was appointed to study the situation. A survey of a number of college dormitories showed that lighting in all of them was seriously below that required for safe seeing. They set about designing a study lamp to meet this situation. The I. E. S. study and reading lamp was the result.

Some one suggested that children



Lamps in reflectors are set flush with the ceiling. Two filaments in each lamp permit flexibility of lighting to meet many conditions

DECENTRALIZING ? ★

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Including BERKELEY the Home of the famed University of California

THIS BOOKLET WILL START YOU IN THE RIGHT DIRECTION

If you are thinking of decentralizing your manufacturing activities...if you are considering the advisability of establishing a Pacific Coast branch factory or distributing plant...

Then you and your executives should have our free book, "The Natural Industrial Center of the West". This apt slogan has been earned by Metropolitan Oakland because so many national manufacturers have proved it to be the most strategic West Coast point for serving a population of 13,000,000. Actually a center of centers:

The distribution center... most favored location geographically, and because of lowest average freight car days and freight rates.

The railroad center... the mainland terminus of four transcontinental systems.

The ocean shipping center... 40 lines to west and east, South America, Orient and Europe.

The riverways center... river boats low-cost transportation to inland cities and farm sections.

The airways center... Oakland Municipal Airport, the Alameda Naval Air Base, and trans-Pacific, nation-wide and coast-wise aviation companies center here.

The highways center... paved roads to all Coast points make truck deliveries easy and economical.

The industrial site center... 43 miles of sites parallel mainland waterfronts. Improved, unimproved, waterfront, tideland and inland sites.

The power, fuel and water center... heart of the hydro-electric power region with low rates. Natural gas and fuel oil provide unlimited cheap fuel. Abundance of pure, soft water.

● How many copies of "The Natural Industrial Center of the West" will your executives need? The facts, figures and photographs it contains will prove decidedly helpful in solving your Western location problems. Write for it, or use the coupon.

***** MAIL THE COUPON NOW! *****

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...including BERKELEY the Home of the famed University of California

doing their home-work needed such a lamp as much as students in a college dormitory. Even the older folks could use better light on their sewing or newspapers. Soon orders for I. E. S. lamps began to pour in. Manufacturers began to seek the privilege of making them. To date, 69 manufacturers are making lamps according to the I. E. S. specifications.

The Illuminating Engineering Society is a technical organization made up of engineers, physicists, educators, and others interested in the art of lighting. When the committee had drawn up specifications for the new lamp, manufacturers were invited to make these lamps without royalty or other obligation except that they were required to submit their lamps to the Electrical Testing Laboratory for test. If the lamps met the requirements, tags were attached signifying that, when the proper size bulb was

used, good illumination was assured. A small fee was charged for the tag to defray its cost.

More than 2,000,000 I. E. S. lamps have been sold since June, 1934. New specifications have been made to cover practically all types of portable lamps.

The portable lamp specification plan has been so successful that manufacturers of residence lighting fixtures have requested a similar program. Home owners generally select their lighting fixtures for appearance rather than efficiency. Consequently, the lighting in various rooms suffers. But manufacturers can now combine satisfactory performance and sales appeal.

At least part of the success of this advance must be credited to the "Sight-Meter," an instrument which not only measures light, but also appraises the seeing condition for vari-

ous degrees of illumination. Until this instrument was available, there was no means of measuring illumination so that anyone except a technically-minded person could comprehend clearly the differences in various levels of illumination.

A simple light measure

THE Sight-Meter consists of a light-sensitive disc which generates a minute electric current when light falls upon it. The greater the amount of light, the greater the amount of current generated. This current is measured by a delicate meter but the scale, instead of being calibrated in electric units, indicates illumination units.

For some time, information had been available on the complex and difficult subject of seeing from the twenty-odd-year researches of Luckiesh and Moss at Nela Park, Cleveland. The advent of an easy means of measuring illumination gave a resourceful young illuminating engineer by the name of Earl Canfield the opportunity to interpret some of the fundamentals of seeing with this measuring device and the Sight-Meter was the result.

Thus, the Sight-Meter became the first device with which anyone can



Small enough to be carried in a pocket, the light meter shows whether light provided is suitable for the job



JAMES HUNTINGTON

This hosiery mill has no daylight in the working area. There are no windows in the side walls. Artificial lighting provides a constantly uniform level of illumination



Lettuce requires 70 to 150 days to mature, according to conditions



Packing houses are sanitary, rigidly inspected by state and federal authorities



"Snow icing," dramatic and modern, preserves the crisp freshness of Iceberg head lettuce

California and Arizona fields supply nearly 90% of the nation's lettuce movement

Lettuce

4,000,000,000 Salads on Wheels

Beside a packing house rests a Santa Fe refrigerator car. Within the car, stacked high, are crates of lettuce • From a squat machine a metal pipe, like a cannon barrel, thrusts through the car door • Into the machine whirling cups draw finely crushed ice. From the pipe issues a blast of snowy crystals. Over the piled crates sweeps the blizzard, sifting, settling, laying a moist and frosty blanket over all. Perishables thus "snow iced" command a premium in their distant markets • To such plants in California and Arizona move the Nation's salads—hundreds of millions of heads of "Iceberg" lettuce, field fresh, their crisp, compact hearts easier to preserve, delightful to eat • "Trimmers" remove the outer leaves with a knife, cull inferior heads. "Packers" sort perfect heads, pack them tightly in standard crates lined with waterproof paper—stems up, in three layers, with cracked ice between. The paper is folded over, a power press applies a cover, away wheel our "Icebergs" to the refrigerator car • We like our lettuce; need its iron, calcium, carbohydrate, protein, vitamins; eat it more hugely each year • Three things alone permit us to have our fill—the shipping qualities of firm, tight-headed "Iceberg" lettuce; the ideal conditions for its growth on a vast scale in California and Arizona; the speed, efficiency and flexibility of railroad refrigerator service.

● America's consumption of lettuce has grown tremendously since the development of railroad refrigerator cars, and the introduction to California and Arizona of seed producing that firm, tight-headed lettuce known as "Iceberg," that can be shipped great distances in field-fresh condition • In 1936 California shipped over 45,000 cars, and Arizona nearly 12,000 cars of lettuce • Santa Fe's fast, efficient and dependable refrigerator service plays a vital part in supplying America's tables with fresh fruits and vegetables in endless variety.

The SFRD (Santa Fe Refrigerator Department) moves much of America's perishables



THIS 8-POUND BOY COST YOUR SHIPPING CLERK 2 Years' Savings!



● But just a minute . . . he isn't complaining. He's suddenly found himself in the same situation, financially, that maybe you were in once—if you'll think back a few years. He's had a bad set-back in the home money situation—and his weekly pay just won't make the grade.

Like millions of others—this man needs financial help—quick! And deserves fair, human treatment in the bargain. He's thankful to have a job. He knows what you're doing to help relieve the workers' situation.

Guidance In Money Management

But today—he needs a loan. Given that—and Household's plan of money management along with it—we know he'll find his way out.

Household service to families in distress doesn't stop there. His wife can get free instruction in how to buy all home necessities to stretch dollars as much as 20%. These Household services are available to all families in need—whether borrowers or not.

Send For Free Bulletins

If you employ men—if you are interested in their problems—let us send you free copies of our Bulletins. In ten minutes you will know that Household Finance is making a genuine contribution in the vital problem of managing family incomes. Mail the coupon.

HOUSEHOLD FINANCE CORPORATION

and Subsidiaries—one of the leading family finance organizations, with 223 offices in 145 cities

HOUSEHOLD FINANCE CORPORATION, Dept. NB-6
919 N. Michigan Ave., Chicago, Ill.

Please mail me without obligation full information on Household Finance's family reconstruction program.

Name

Address

City State

determine at a glance whether or not sufficient light is provided for doing various visual tasks with reasonable safety to the eyes.

The Better Light—Better Sight program was launched by two forward-looking utility men. They found the public amazingly receptive. A National Better Light—Better Sight Bureau was organized, consisting of electrical, optical, and paint industries. Nineteen national organizations and associations are now members of this Bureau, each doing its part in teaching the public what constitutes safe, comfortable seeing, the benefits of healthy eyes, and the advantages of proper wall and ceiling surfaces for efficient and economical utilization of light.

Growing from this activity are local Sight Saving Councils, of which 85 are functioning throughout the country. These groups enlist the interest of civic bodies, school health and city authorities, women's clubs, parent teachers' associations and similar organizations in eye care and better seeing. The optical profession is now beginning to prescribe light to its patients, realizing that corrected eyes need good lighting for good seeing. Seeing is an important factor in street and highway safety. Likewise, good seeing is important in industrial safety as well as in production and employee welfare.

Edison worked to develop the incandescent lamp in order to extend human activities with greater comfort beyond the hours of darkness. His contribution of this one invention to society would have placed his

name among the immortals. Ever since his lamp was placed on the market, efforts have been made to produce more light at lower cost. Today, an electric incandescent lamp costs no more than a chimney for a kerosene lamp.

New lights are available

NEW sources of light in the form of gaseous vapor lamps are now on the market. One of these lamps, using mercury vapor operating at a relatively high pressure, is finding wide application in industrial locations and even in offices and stores. The mercury-vapor lamp produces a bluish-green light. Since the light from a tungsten filament lamp is reddish-yellow in color compared to daylight, the addition of the mercury light creates a pleasing white light. For offices and similar places where the color of the mercury light would not be desirable, fixtures combining tungsten filament and the higher-efficiency mercury lamps are used.

Sodium Vapor lamps produce an orange-colored light which, since it gives off no red light which can be reflected from the cheeks and lips, is decidedly uncomplimentary to the appearance of individuals. For this reason, these lamps have found little application in interiors, but are used for street and highway lighting. Their distinctive orange color makes them particularly useful for lighting dangerous intersections.

Another new and interesting development in lamps, although it is not yet on the market, is the fluores-



Lighting without visible fixtures. Specially constructed boxes on top of the wall cases give soft, effective illumination

JAMES HUNTINGTON

cent lamp. The gaseous stream of a mercury lamp emits a certain amount of invisible radiation known as ultra violet. This invisible ultra violet radiation has the property of causing certain materials to glow or fluoresce. Thus when the inside of a tubular lamp is coated with these materials, the ultra violet is transformed into light, thereby utilizing to a greater extent the entire radiation of the gaseous stream. The color can be varied by the choice of fluorescent material. This lamp is useful for decorative effects as well as for illumination.

Another application of the mercury-type lamp utilizes the bactericidal effect of the ultra violet radiation. It shows great possibilities for destroying air-borne bacteria.

When a capillary lamp using a small quantity of mercury in a tiny quartz tube is cooled by a water-cooling system in the laboratory, it can be made to approach the brightness of the sun. Because of its concentrated source of light it has potentialities as a projection lamp.

A new 1000-watt lamp in tubular form may replace the larger and bulky lamp of this size now in use.

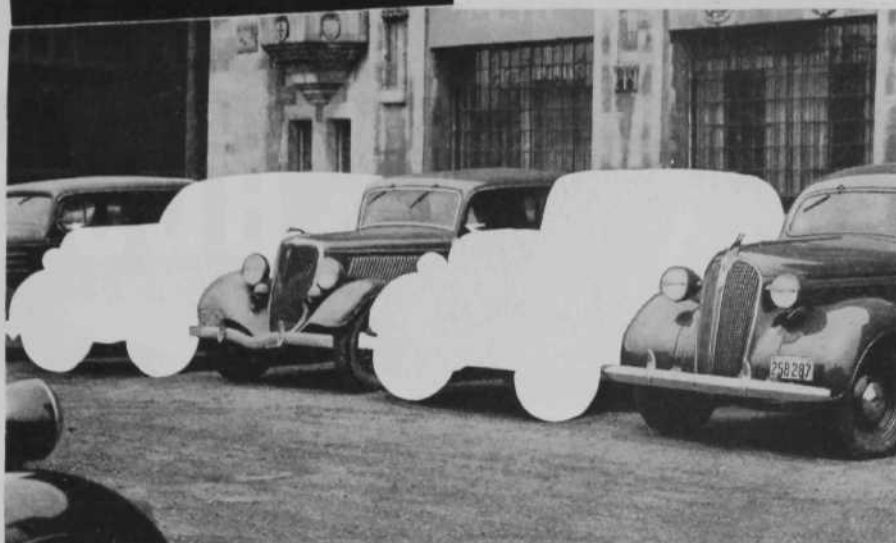
Fixtures are being improved

IT HAS been the general practice to suspend fixtures from the ceiling—a practice no doubt resulting from the suspension of kerosene and gas lamps from ceiling fittings before the advent of the electric lamp. With today's smaller, more efficient, and cheaper lamps, greater latitude is exercised with the result that lighting equipment is often built in as an integral part of the architectural features of a building. Unlike the older forms of illuminants, electric lamps can be concealed and controlled from a distance. Recessed units, coves, niches and similar places can conceal lamps to produce lighting for seeing or for decorative effects.

This has led to the development of luminous store fronts having large areas of translucent glass with concealed lamps behind. Thus business houses can be transformed into attention-compelling structures. Glass blocks and tile in addition to flashed-opal glass sheets and other materials offer opportunities for modernized store fronts which are dignified and beautiful both by day and night, subtly providing restrained advertising which can be tremendously effective.

While we have made good use of artificial light to add to our comfort and happiness, we have not begun to utilize its enormous potentialities for contributing further to human welfare. Development and progress are going increasingly forward.

THE FLEET'S IN...



*but where are
Jones and Smith?*

Keep them on the Job with THE LITTLE RED ARROW!

Let the little red arrow emblems of the "NOT-OVER-50" Club help you keep Jones and Smith "among those present" at your parking lot. Send for a supply of the "NOT-OVER-50" Club safety packets and distribute them to your employees. Display posters on your bulletin boards which will stimulate their interest. They're free and neither you nor the employees who join will be under any obligation.

The red arrow on their speedometers will warn employees not to exceed 50 miles an hour on rural highways where most auto deaths occur. And because they limit their speed on the open road, they'll automatically tend to slow down to a safe speed in towns and at danger points.

Employers everywhere are finding that this humanitarian movement pays cash dividends because automobile accidents cause an untold loss in business time alone.

Car Insurance At Cost

The "NOT-OVER-50" Club pays other dividends in addition to human safety; for instance, the dividends received by Lumbermens policyholders which lower their insurance cost. Lumbermens insures only careful drivers and, through planned safety measures, reduces losses among this group still further. These savings, coupled with the company's economical management, make possible the sizable dividends paid back to policyholders every year. When you insure in Lumbermens you insure at cost.

LUMBERMENS MUTUAL CASUALTY COMPANY

Division of Kemper Insurance

Save with Safety in the "World's Greatest Automobile Mutual"
HOME OFFICE: MUTUAL INSURANCE BLDG., CHICAGO, ILL.

START
SAVING LIVES
Today

"NOT-OVER-50" CLUB, 4750 Sheridan Road, Chicago, Illinois NB-6
Please send me..... safety packets as illustrated and described above.
I understand that these insignia are absolutely free and that this request places me under no obligation. ☐ Please send the free bulletin board display.

Name.....
Address.....
City..... State.....



The Red Arrow Warning



Rear Window Insignia

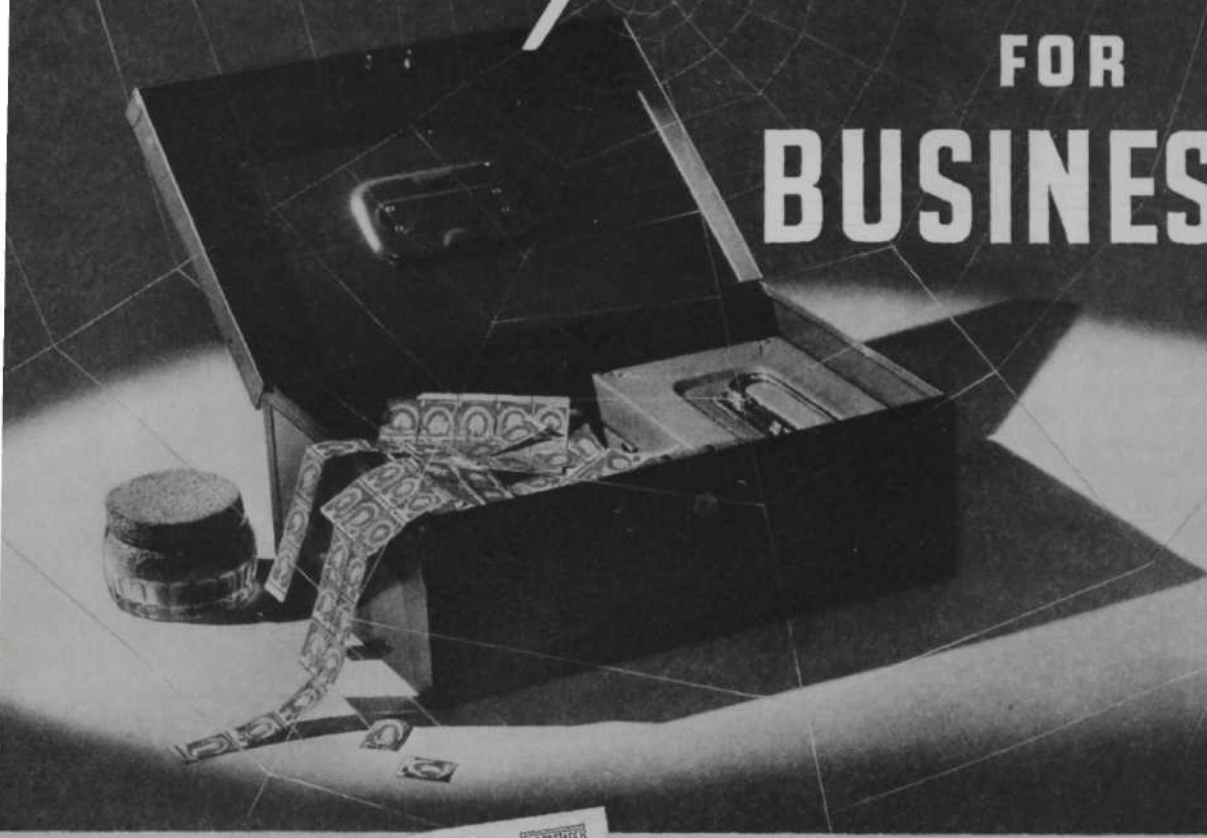


Safe Driving Pledge

SAFETY EMBLEMS FREE

You do NOT have to be insured by Lumbermens to join the "NOT-OVER-50" Club, nor do you place yourself under any obligation. Fleet owners may have insignia for every car and truck.

Stamps are obsolete FOR BUSINESS MAIL



TODAY there is no place in business for the old-fashioned adhesive postage stamp; it is inevitably giving way to the modern method—Metered Mail.

Thousands of leading firms in every line of business have already adopted Metered Mail. Over 3,000,000,000 pieces of mail are now dispatched annually throughout the United States bearing Metered Stamps.

No progressive business—the smallest or the largest—can afford further to postpone investigating this form of postage and mail handling. It is adaptable to any business and is economical for the smaller daily office mail as well as larger and special mailings. It is in general use for letter, parcel post and all other types and classes of mail.

Metered Mail is the better and safer way of paying postage. It saves time and expense in mail preparation. It eliminates the mutilation, mis-use and theft of ordinary stamps. It speeds mail delivery, not only by obviating routine postal operations necessary for stamps, but by removing the risk of their becoming detached, stuck together, or mis-cancelled. The use of Metered Mail reflects progressiveness and efficiency.

TRADE
PITNEY METERED MAIL BOWES
MARK

MAILING EQUIPMENT

Distributed by

THE POSTAGE METER COMPANY • 852 Pacific Street, Stamford, Conn.

Offices in Principal Cities—In Canada: Canadian Postage Meters & Machines Co., Ltd., 137 Wellington St., W., Toronto, Ont.

Metered Mail is a system of prepaying postage by means of a Postage Meter, set by the Post Office and operated under Government seal, which records and prints postage in non-negotiable form in any denominations required. Equipment for handling letter mail seals envelopes as the postage is printed. Pitney-Bowes Postage Meters are ap-

By a mere request on your business letter-head you can obtain "Four Research Reports", actually prepared by an independent Research Bureau, showing results obtained by representative business organizations from improved methods of handling mail.

Business Highlights and Sidelights . . .

Reasons for Cooperatives

THE OIL industry faces a continued increase in competition from consumer cooperatives unless it moves to decrease the spread between wholesale and retail prices, declares Clem D. Johnston, president of the Roanoke Public Warehouse and vice president of the National Chamber, writing in the May issue of the *Annals* of the American Academy of Political and Social Science. "Four to six filling stations at an intersection where one could adequately serve the trade, and magnificent layouts in high rent districts, however much they gladden the soul of the real estate man, are expensive luxuries," Mr. Johnston concludes. In the same category he places "the many extra courtesies and attentions of the filling station attendants."

This "piling of cost on cost" Mr. Johnston believes was "born of the necessities of competition rather than from the demands of the public." It has finally produced a condition, he asserts, wherein the spread necessary to cover those costs constitutes an invitation to users to say, "Let's get together, get an inexpensive location on a back street, pump our gas from a tank car and save money."

Other ways to meet the problem, Mr. Johnston says, might be to control the number, kind, and cost of outlets or "to establish outlets at which those who require less in the way of location or service may obtain standard products at materially reduced prices." The fact that independent cut-rate gasoline stations operated by private capital are appearing in considerable numbers indicates to him that these distributors are sensing an opportunity.

Cooperatives and Competition

NO CAUSE for worry is the consumer cooperative movement to Clifford Gregory, editor of the *Prairie Farmer* and president of radio station WLS. Addressing the Fourteenth Floor Club of The Merchandise Mart, Chicago, he pointed out that merchandising conditions in Europe differ from conditions in America. Fewer stores to lower prices by keen competition, more leisurely merchandising methods, and a greater percentage of mark-up in private business have provided a rich soil for the growth of the cooperative idea.

American methods of transacting retail business, with narrower profit margins and more efficient merchandising, he believes, would prevent a cooperative store from giving back enough money to members to justify the expenditure of

time and money necessary to that membership. Cooperatives which had taken the attitude that advertising was a waste of money when they first started, he said, in recent years have learned that advertising is a vital part of any business, and they now use it freely.

His conclusion amounted to a warning:

Although I have no fear of the cooperative movement ever making serious inroads upon American private business, I would suggest that you insist on their competing with you on a fair basis. Fight discriminatory legislation in their favor. Make them meet you as any other competitor must meet you—on equal terms.

Rosters Without End

COMMENTING on the increase of governmental employees to a peak of 3,495,000 in 1935, 12 per cent above the total six years earlier, the *Index* of the New York Trust Company estimates the aggregate governmental pay roll for that year at \$5,670,000,000, or more than ten per cent of the total national income. These employees, in which the most striking gain was the 40 per cent increase in civilian employees of the executive branch of the federal Government from 578,231 in June, 1932, to 824,259 in June, 1936, received more pay, the *Index* asserts, than any other general group in the country except those engaged in manufacturing. Says the *Index*:

While there can be no quarrel with the theory that thoroughly modern tools of management are essential in carrying out our enlarged conception of governmental functions, not only in the case of the federal Government but in that of other governmental units the problem of cost remains one of the utmost importance. New governmental services, with the consequent increase in government personnel, cannot safely be expanded beyond the point where the country can afford them. A pay roll which already takes close upon ten per cent of the national income is reaching unwieldy proportions, and constitutes a drain upon the producing members of society for which history apparently records no modern parallel in time of peace.

To a certain extent, many of the services rendered by government today represent luxuries which the people have heretofore either provided for themselves or gone without. They are expensive and must ultimately be paid for by the country's taxpayers, in the final analysis, all of its inhabitants.

Life Among the Averages

IN THE average city the average citizen earns \$1,300 a year if he works in a factory and \$1,350 in retail stores . . . four out of ten persons of marriage-



**Financing
the Modern
Way**

**FIELD Warehousing
Made Plain**

Tells

**How to raise capital
on inventory**

KEEPING an active business supplied with working capital requires an entirely new technique these days. Bank requirements are much stiffer. Numerous State and National Government regulations must be observed.

The method of financing that fills new needs most perfectly is *Field Warehousing*. If you own inventory—raw or finished—and if it is reasonably non-perishable and can be segregated and identified—Douglas-Guardian can set up a bonded field warehouse wherever your inventory may be located, and give your bank a sound basis for supplying the money you need, at a reasonable rate.

We are a national service organization, with experienced, competent management. We offer every facility for the legal and speedy transaction of any type of field warehousing.

Why not ask for further details about Field Warehousing as a basis for obtaining a wider, more adequate, more economical credit?

Mail Coupon for Free Booklet

It covers field warehousing briefly but comprehensively. Typical subjects: How Field Warehousing Operates; Subsidiary Warehousing; Practical Illustrations of Field Warehousing in Operation; Court Decisions on Validity of Field Warehousing; Uniform Warehouse Receipts Act. The booklet answers many questions in connection with this modern method of financing. Points out pitfalls to avoid. Gladly sent you without cost or obligation.

DOUGLAS-GUARDIAN Warehouse Corporation

Nation-Wide Warehousing Service

New Orleans, La.	Chicago, Ill.
118 N. Front St.	100 W. Monroe St.
Fayetteville, Ark.	Madison, Wis.
New York, N. Y.	Tampa, Fla.
Dallas, Tex.	Cleveland, Ohio
Rochester, N. Y.	Easton, Md.
Los Angeles, Cal.	Memphis, Tenn.

SEND ME YOUR BOOKLET

Douglas-Guardian Warehouse Corp.
100 West Monroe St., Chicago, Illinois


Please send me your booklet "Financing the Modern Way," without cost or obligation.

Firm name _____

Address _____

My name and title _____

Let's keep the



ONE of the brightest records of 1936 was the progress of railroads toward recovery.

Freight tonnage registered a notable advance. Passenger travel stepped ahead. Railroad purchases of new equipment were greater. Employment increased. Payrolls increased.

In part, credit for this improvement goes to the upswing of general business conditions.

But in part this advance of the railroads comes as the reward of hard work and resourcefulness of the roads themselves—their determination to go ahead.

Thus they went after and won increased freight with faster schedules, and such special services as collection and delivery of less-than-carload shipments. They attracted greater passenger traffic with faster

schedules, courteous service, a steady improvement in comfort, as well as lower rates.

From these betterments in service and economies in operation everyone benefits—the railroads, railroad employees, travelers and shippers, other industry—the public at large. For prosperous railroads mean a prosperous nation.

One hundred thousand railroad men have been put back to work within the past twelve months, with the average earnings per hour of railroad employees at their all-time peak.

Thoughtful Americans must welcome these signs of recovery after so many lean years. To insure the continuance of this progress they will study carefully all proposals affecting transportation—supporting those which give the railroads freedom to meet competition on an equal basis—discouraging those which will add to the cost of rail operation, impair the standard of service or reduce efficiency.

Let's give increasing business a chance to bring more jobs, as well as better service and fair earnings.

Let's keep the throttle open!

PIONEERING IN SAFETY

The railroads inaugurated the Safety First movement in America and have constantly practiced safety for over 25 years. Their record so far as passengers are concerned is too well known to need comment. The record as to employees is no less notable. Thanks to remarkable cooperation in a steady campaign to maintain safety practices, and to the introduction of countless devices to promote safety in all branches of railroad service, employe accidents have been reduced by more than 80 per cent in the past twelve years.

**SAFETY FIRST—
friendliness too!**

ASSOCIATION OF
AMERICAN RAILROADS



throttle open!

DO YOU KNOW

—that 45% of all railroad income is today paid to railroad employees — more than five million dollars a day?

—that the other 55% must cover all other costs of railroad operation—the costs of providing, maintaining, operating, and improving our railroads, including taxes which send 1,600,000 children to school and contribute substantial support to public institutions, highway construction and general government expense?

—that the railroads purchase over 70,000 articles of supply, and that railroad recovery makes jobs for workers in every basic industry?

—that anything which reduces railroad efficiency, increases railroad costs or impairs railroad service creates unemployment, not only on the railroads but in all industry?

Cut Out - SUMMER SLUMP the DO/MORE WAY!



Girl seated in an Air-Duct Do/More with proper back support. Photo below: Ordinary inefficient seating.

Domore's contribution to effective office seating; No. 590 is ventilated and upholstered.

● How much can you accomplish at your desk when you are tired of sitting there? Not much! Neither can your employees—so work suffers.

This loss can be stopped quickly and economically by adopting Do/More Air-Duct Chairs. They give a degree of posture and body comfort never before achieved in a clerical chair. The seat and back are cushioned. Support is given where needed. The result is greater energy, healthier employees—fewer days off.

The Executive Chair shown is Domore's crowning achievement. It will do as much for your officials as the Air-Duct will for your staff.

These are strong claims—but Domore Chairs can prove their truthfulness. Let us loan you chairs without obligation. Send your request today.



No. 506 Executive Chair promotes better posture and much needed abdominal exercise.

DO/MORE

Licensed by Posture Research Corp.

Manufacturers of Posture Chairs for Executive, Clerical and Factory Purposes.

Domore Chair Company, Inc.,
607 Monger Building, Elkhart, Indiana.
Gentlemen: Without obligation, please send me folder describing:

Executive Chairs..... Clerical Chairs.....
Factory Chairs.....

Name
Address

© 1937 Domore Chair Co., Inc.

able age are unwed . . . one in ten is widowed or divorced . . . 15 per cent of wives are employed outside the home . . . two out of three families have no child under ten years of age . . . about one-third of the children of high school age are not in school . . . there are generally only three or four persons in a family, including boarders and relatives . . . the average renting family pays \$28 a month for its dwelling.

These and many other facts concerning Mr. Average Citizen and his urban habitat are revealed by William F. Ogburn, professor of sociology at the University of Chicago, in "Social Characteristics of Cities," a pamphlet published by the International City Managers' Association.

Averagetown, U.S.A., a city of about 50,000, discloses an average in the North of \$5,000 for owned homes, and \$4,600 in the South. Fifty per cent of the inhabitants own their homes in the North, 35 in the South. There is a greater discrepancy in rents, the Southern renter paying \$15 a month, as against the Northerner's \$28, because of the large number of negro homes of small rentals.

The average wages of \$1,300 a year for factory workers and \$1,350 for retail store employees include payments to women and young persons as well as to men.

The "Joneses" usually live in a house to themselves, only one in ten families living in apartment houses. It is estimated that every other family in the North owns a radio, only one in every four in the South.

Most citizens of the average city are old enough to hold down a job, but not so old as to be shelved, Professor Ogburn finds. They are between 20 and 50 years of age. The average city has 62 per cent as many young as it has people of working age, and 28 per cent as many old. Its population is largely made up of

middle-aged persons. Women apparently like cities better than men, for there are only 97 men to every 100 women in the average city.

Taxes Catch up With Trailers

HOW TO TAX the trailer owner his share of the costs of government in proportion to what he gets from it when he occupies a trailer camp is tackled in a revised survey, "The House Trailer: Its Effect on State and Local Government," published by the American Municipal Association, and prepared with the collaboration of the American Public Welfare Association, the American Society of Planning Officials and the National Association of Housing Officials.

It is assumed that the trailerite gets utility services such as water supply, garbage collection and sewage disposal, as well as police, fire and health protection and the use of general community services such as streets, parks and public buildings.

The permanent trailer family will also use the education, relief and voting facilities.

How shall the trailer be assessed? On the basis of property value or on "the benefits made available per diem"? The survey finds the former impracticable, the "benefits" plan the only alternative, observing that the "computation of the value of those benefits is a most difficult task. . . . Most cities," it is added, "will undoubtedly hesitate to assess the seasonal trailerite for his full share of government costs, inasmuch as he constitutes tourist trade."

Who shall collect this tax, and how shall it be collected? The first proposal on collection is to substitute a state-collected, locally-shared tax for the service charge collected by local units. This is not considered feasible. The other, to collect directly from the per-

son.



"Would you choose a Florida or California vacation—that is, if you were me?"

son who runs the trailer camp, and let him pass it on in his fees, is regarded as more workable.

What Sells Electric Ranges

DESPITE their supposed inclination to seek bargains and low cost materials, housewives have expressed an opinion that cleanliness is the most important sales item involved in their purchases, according to a survey recently completed by the Westinghouse Electric & Manufacturing Company.

In making a study to determine the buying habits of women who use electric ranges, more than 75 per cent replied that cleanliness was their primary reason for buying an electric range. Many women gave more than one factor as influencing their purchase, and aside from cleanliness the principal sales appeals were economy of operation, ease of operation and cooking results.

Further significance of the cleanliness appeal to all classes was the survey report that almost 50 per cent of sales were made in Economic Class C, consisting of skilled mechanics, salesmen, clerical workers and farmers.

In telling how they first became interested in electric cooking, three-fourths of the women interviewed reported that experience of their friends was the first factor of importance.

To all those interested in attracting the attention of Madame Housewife it may be a happy harbinger of new sales records ahead to learn that price loses a share of its lustre when cleanliness sparkles.

Tales Told by Fingerprints

FINGERPRINTING of all motor vehicle, truck and taxicab drivers is advocated by several states. Interest was accentuated by discovery at Chicago's Bureau of Identification that, among drivers arrested for violence in a recent taxicab strike, five were ex-convicts and two had police records.

States which approve the idea emphasize the identification value of fingerprinting. States opposing believe that the system would needlessly inconvenience motor car owners, and one state, Florida, is against "making suspected criminals of all motor car drivers."

A digest of the attitude of state motor vehicle commissioners issued through the Council of State Governments shows that 14 states favor fingerprinting of all motor vehicle drivers. These are Alabama, Arizona, California, Idaho, Kansas, Michigan, Mississippi, New Jersey, New Mexico, Tennessee, Texas, Utah, West Virginia and Wisconsin. New Jersey and Wisconsin give "qualified approval."

States favoring the fingerprinting of public service motor vehicle operators are: Connecticut, Maryland and New Hampshire.

States which have expressed opposition to such fingerprinting are: Florida, Massachusetts, Nebraska, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, Wyoming.

THE TELL-TALE EDGE TELLS ALL

NAME	ADDRESS	STATE	ZIP
Curtis Machine Co.	SM	Jamestown	NY

HOW A SALES MANAGER CAN *double his value!*

ONE sales manager says, "By keeping me up-to-date on every angle of our sales problem at all times, Kardex has nearly doubled my effectiveness and taken a heavy load off my mind!"

New improved Kardex can do this for you, too, whether your selling is confined to one city, a state, or is nation-wide. Look at the illustration below. See how Kardex famous "tell-tale edge" parades any and all vital facts before your eyes for quick decisive sales control. Investigate new portable Kardex cabinet on wheels ... increased card capacity ... new

brief-case-size book unit for graphic summary record for desk and field, ... and unique visual sales demonstration to prospects.

Look into Kardex! Learn how you can quickly and economically use sales records to bolster up the weak spots in every salesman's territory.

MAIL THE COUPON today for new free booklet, "Three Ways to Increase Sales". There is no obligation.



VITAL FACTS SUCH AS THESE SIGNALLED AT A GLANCE

YOUR SALESMAN HASN'T CALLED SINCE DECEMBER

BOUGHT LAST AUGUST - BETTER CHECK UP QUICK

YOU'RE GETTING ONLY 10% OF THIS MAN'S BUSINESS

THIS ONE HAS NEVER BOUGHT FROM YOU

OK...it's from Remington Rand

Remington Rand Inc., Dept. G-462
465 Washington Street, Buffalo, New York
Without obligation please send me your booklet, "Three Ways to Increase Sales".

Name.....
Address.....
City.....State.....

Comfort IN WASHINGTON

BEDROOMS
Silently Cooled by
Fresh, Washed Air.

RESTAURANTS
Featuring Weather, a
la carte, with the Fam-
ed Mayflower Cuisine.

LOBBIES
Properly Conditioned
the Year 'Round.

PUBLIC ROOMS
All-Cool Throughout
the Summer.

Single Rooms from \$4
Double Rooms from \$6
Naturally Ventilated
Bedrooms, if Preferred.

New York Office
521 Fifth Avenue
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**The Air Conditioned
MAYFLOWER**

WASHINGTON, D. C.
R. L. FOLLIO, Manager



They Thought They Didn't Need Railroads

(Continued from page 23)

Washington, in lofty tones and conclusive pronouncement, annihilated the entire subject. Its editor wrote:

We have with surprise seen it remarked lately in a highly respectable paper in Virginia, and repeated elsewhere, that the impression is becoming universal that railroads, for the purpose of transportation, will altogether supersede canals. We suppose the impression prevails to a considerable extent, or we should not have found it in this form. In whatever form we have found it, or may hereafter find it, we cannot but consider it erroneous and fallacious.

It was pointed out that the great disadvantage of the railroad was that brains and some degree of skill were required to run one, whereas, in the case of the canal, the farmer or producer could simply haul his produce in his own barge to the canal's edge, put it over, hitch his own horses to it, and away to market.

Undeterred, the iron horse went puffing on. The roads were crude, of course, and the rights-of-way weren't lighted. Instead, a bunch of pine knots in a box of sand burned above the "cow-catcher" as a "here-we-come" signal to all the countryside.

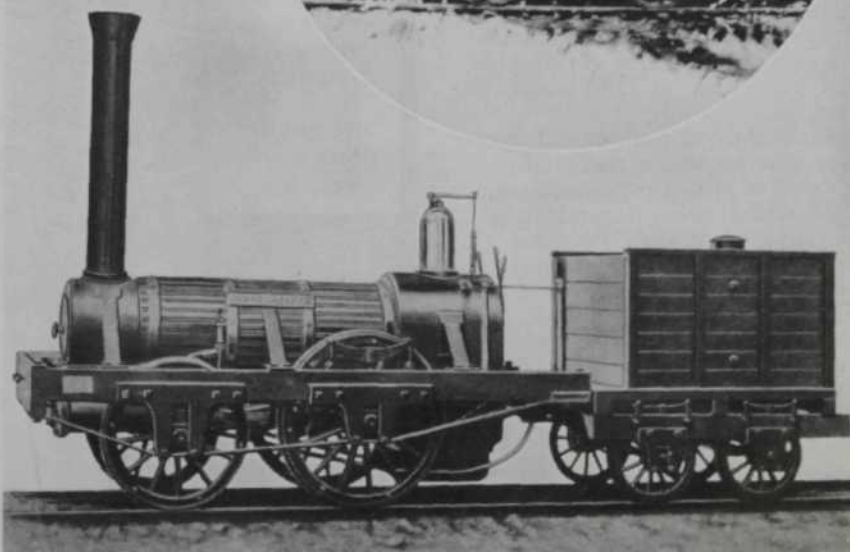
The conductor has been described as "half clerk, half guard, with a dash of the gentleman" and in deference to the "dash of gentleman" he wore a frock coat, a choker collar, a stove-pipe hat, and drew a salary a little less than that of the vice president of the road. Later, when the passenger sometimes had to roll up his sleeves and help in emergency, and his ticket bore the notice "passengers must assist the conductor on the line of road whenever called upon," the dash of gentleman gave way to the power of captain of a troop, and the conductor was given a blue uniform with brass buttons, and the brakeman—usually a recruit from the farm—was put into a grey sack suit.

Northbound trains were supposed to wait at certain places on the line to let the southbound trains pass—or vice versa—but as a matter of precaution an operator—usually a Negro in the South—was stationed at a particular place on the road, and when a train approached he climbed nimbly up the cleats nailed onto a

John Stevens believed trains could run 100 miles an hour. He built this to prove it



BROWN BROS.



In 1832, Matthias W. Baldwin built his first locomotive, Old Ironsides. The Baldwin Locomotive Works was born

towering roadside tree pole, used for semaphoring. Scanning the rails ahead with his spyglass, he would signal with his flag, or, at night with a ball with a flare inside.

This clearance method was not always infallible; sometimes trains met in spite of semaphoring from the crow's-nest! However, since there was no telegraph, the method of reaching a decision was never complicated nor delayed by reference to higher-ups. A general fight between the opposing train crews frequently decided which train should back up to the nearest siding.

Braking the car was an ordeal, for using a brake, hand or foot, jolted as much as a collision. In some places it was customary for the engineer to open the safety valve while several negroes seized the last car and attempted to hold it, allowing the station agent to thrust sticks of wood through the wheels!

One modern accommodation

THE single ultra-modern touch lies in the description of a coach which at one end contained a bar where the weary traveler might get refreshment!

Charles Dickens on his never-to-be-forgotten visit, tried our new railroads and told the world about them!

There is a gentleman's car, and a ladies' car, the main distinction between which is that, in the first, everybody smokes; and in the second, nobody does. There is a great deal of jolting, a great deal of noise, a great deal of wall, not much window, a locomotive engine, a shriek, and a bell.

Believe it or not, he pays us a compliment:

In the ladies' car, there are a great many gentlemen who have ladies with them. There are also a great many ladies who have nobody with them, for any lady may travel alone, from one end of the United States to the other, and be certain of the most courteous and considerate treatment everywhere. . . . The train rushes across the turnpike road, where there is no gate, no policeman, no signal; nothing but a rough wooden arch on which is painted, "When the bell rings, look out for the locomotive."

Another English visitor who rode on our trains liked it and when he returned home added to the list of prophecies:

In a few years you will be able to pass from the Gulf of Newfoundland to the Gulf of Mexico, from icebergs to orange groves, in five days!

Prophecies were the order of the railroad day and the prophets, with the exception of the *National Intelligencer* struck a high average.

Having seen the three-year trail of Lewis and Clark traversed by the iron horse in less than four days, by the airplane in much less than one, we now readily accept any transportation possibility for the future.

"It's Fully Twice as Useful as we expected!"

Most men are surprised to learn what Dictaphone really does. Its biggest uses are things they never thought of. Recording telephone calls as they happen, for instance. Instructions made alibi-proof as they're issued. Conferences over in half the usual time, with twice the usual result. Your secretary *getting things done* for you all day, no matter how much dictation you have.

Convenience and economy only start to sum up the advantages of this modern dictating machine. A

major business asset, it's a vital step in business progress—now proved daily by thousands of business men. It makes executives better executives, secretaries better secretaries, offices better offices.

Just what it might do for you is something we'll make clear in a quick and meaty demonstration. No strings attached, no obligation involved. Unless you feel that you can afford *not* to know what's happening in business today, mail the coupon below and *mail it now*.

C. S. Baur, Gen. Adv. Mgr.
Iron Age
New York City

R. A. Downes, President
R. A. Downes & Company
Philadelphia, Pa.

S. J. Stoughton, Gen. Mgr.
Andrew B. Hendricks Co.
New Haven, Conn.

THE TREND TO
DICTAPHONE
SWEEPS ON

Exclusive Nuphonic recording and reproduction of the improved Dictaphone duplicates the human voice almost perfectly.

Dictaphone Sales Corp., 420 Lexington Ave., N. Y. C. NB-6
In Canada—86 Richmond St., West, Toronto

- ☐ Please let me know when "Two Salesmen in Search of an Order" will be exhibited in my city.
☐ I want to see your representative.

Name _____

Company _____

Address _____

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.



NET PROFITS . . . DIVIDENDS . . . BONUSES . . . are the reflection of good management, sound buying and good selling.

Today, more than ever before, successful executives appreciate the opportunity to preview tomorrow's success numbers today—and to keep posted on "what's new" throughout the entire world of merchandise. That's why some 250,000 of the world's top notch buyers and executives from 72 countries cover the semi-annual, international Leipzig Trade Fairs.

The Fall Fairs—August 29th to September 2nd—should prove particularly appealing to business men interested in closing 1937 with good profits—and in getting off to a good start in 1938. In conveniently arranged and carefully classified exhibition halls and fair palaces, more than 6,000 exhibitors from 25 countries will display their newest wares. You will have the opportunity to compare the offerings of many manufacturers, even though their factories be located thousands of miles apart. The exhibits in the General Merchandise Fairs cover every line for the department, gift and specialized store.

Let us help you plan your trip to Leipzig so as to insure maximum results. Write for Booklet No. 30 and tell us the lines in which you are interested. Your inquiry involves no obligation. Leipzig Trade Fair, Inc., 10 East 40th St., New York.

ALSO—The Building Fair—
August 29th to September 2nd

FOR 700 YEARS
the world's market place

Mr. Ball's Ambition

(Continued from page 88)

the rest of the country. It is here that George Ball entered the picture. He knew the Van Sweringens—"not particularly well"—and had been a director in one or two of their minor enterprises. His cousin had married George Ashley Tomlinson, a 200 pound six-footer, a baseball addict, a one-time cowboy and newspaperman, and now the owner of a handsome modern fleet of freight carriers on the Great Lakes. Tomlinson knew the Van Sweringens rather well. It had been at his suggestion that Ball had been asked to join one or two of their directorates. He telephoned Ball in Muncie:

"The Van Sweringen brothers are in a hole," he said. "They want to talk with you."

Hard pressed by creditors

THE Van Sweringens put their situation plainly before Ball. They were without a dollar. They were living on money borrowed from the same bankers who proposed to sell them out. Their life insurance policies, the country place in which they lived, everything had been wiped out. They hardly owned their own clothes if their creditors wished to squeeze the turnip. They could offer nothing whatever to Ball except their conviction that, when the tide turned, their properties would again be sound investments. But the Alleghany Holding Company, which controlled all the other holding companies in the descending scale, was to be put on the block and there was nothing they could do about it. They thought that a bid of \$4,000,000 would take the Alleghany control. Would Ball make that bid?

"They should have distributed their banking business more widely. Then, when the pinch came, they would have had many friends to help them. They had depended on a single group and that group suddenly found itself helpless. Other bankers were not interested. Even, perhaps, hostile."

Ball and Tomlinson eventually agreed to put in \$2,000,000 and borrow the remainder of the funds necessary from the banks. At the last moment the plan almost nosed over. Ball and Tomlinson had asked another man to take a third share in the project. He had agreed but found that he could not do so except at an excessive and preposterous sacrifice.

"It would have been necessary for him to sell securities," said Ball, "and

by the time he paid the Government's tax his total investment would have been a ruinous one."

Ball and Tomlinson formed the Mid-America Company, along lines suggested by the Van Sweringens, and bid \$3,121,000 for control of the Alleghany Company and certain securities "all or nothing." They borrowed \$1,121,000 on the \$2,000,000 in bonds which was their actual investment. Tomlinson ultimately retained a merely nominal interest. Ball refused to make piecemeal bids, which would have enabled speculators to run down the prices of some securities to approximately nothing and to run up other prices. He was not engaged in a speculation but in a job of salvation.

George A. Ball is a member of Ball Brothers and Company, manufacturers of glassware. I do not know in how many companies he is a director or vice president, but here is a partial list:

Ball Brothers; Ball Stores; Durham Manufacturing Company; chairman, Merchants' National Bank; vice president, Amhempco; director, Merchants Trust and Savings Bank; N. Y. C. & St. L. Railroad; Intertype Corporation; Dictaphone Corporation; Banner Furniture Company; General Household Utilities Corp., Kuhner Packing Company; Great Lakes Portland Cement Company; member, National Trust Company, London, England.

There is no space to add the list of places he holds on the boards of charitable and educational institutions. He is a man of practical experience. Nothing academic about him.

"I was not moved by the thought of profit," he resumed.

Something to untangle

THERE was, perhaps, another and rather sporting reason. He was, as he had said, 74 years old, and had been thinking of putting his affairs in order. But the Van Sweringen affairs were in an unprecedented, historical, age-defying and entangled mess and George Ball has always liked untangling messes. That is to him, perhaps, what the pursuit of brook trout or mountain goats is to other men. There was the merest hint of apology in his tone as he admitted this. As though he should be ashamed of his passion for straightening out tangled businesses.

His connection might never have been more than advisory except for the deaths of the Van Sweringen

Busy on a boiler's biography

IN THE offices of Hartford Steam Boiler is written the life-history of each boiler insured by the Company. Here, details of every inspection, every replacement, every repair are faithfully set down. It is almost a certainty that a Hartford inspector started this history while the boiler was being built.

Forewarned is forearmed. Company inspectors, who check periodically every piece of power equipment insured by Hartford, know what to look for, where to look, what to do when they find symptoms of trouble. They know the boiler's life-history . . . its quirks of character and temperament, its record under fire.

In a single year, 20,000 incipient causes for explosion were detected in time by Hartford inspectors busy on boiler biographies!

Through 70 years of insuring America's power equipment, Hartford has made more than 17,000,000 inspections—that accidents might not happen. Numbers alone are unimportant (though this record is unequalled). But consider the body and variety of experience gained through these inspections—and applicable to *your plant*. Hartford men and laboratories collaborate constantly—not only to forestall disaster to power equipment, but to cut down disablement by timely recommendations on repairs, operating methods, and feedwater problems. Hartford is on the side of economy.

As Hartford Steam Boiler knows its insured boilers "by heart," so it knows by heart, too, other problems of safe power-plant operation. Your local agent or broker will gladly explain what Hartford Steam Boiler insurance can mean to you.

This familiar seal, the hall-mark of the largest purely engineering insurance company in the world, appears on all Hartford Steam Boiler policies. . . . Engineering insurance covers loss from damage to property or persons, and

stoppage of production, business or rents due to explosions of boilers and pressure vessels, and accidents to power and electrical machines. . . . Ninety per cent of all power boilers built for America's industrial plants bear the HSB imprint, placed thereon by the Hartford inspector who passed upon their design and watched their construction.



**THE HARTFORD STEAM BOILER INSPECTION
AND INSURANCE COMPANY, Hartford, Connecticut**



JUST OFF THE PRESS— New Free Book on Fencing

Many a manufacturer has found that there is no protection and no saving in makeshift fences.

They find that sturdy, dependable Cyclone Fence is not only the best property protection money can buy—it is actually the *lowest cost* protection in the long run!

Cyclone Chain Link Fence will guard every foot of your property line every minute of the day and night. No other watchman could serve you so well. Sturdy, unclimbable and fire-safe, Cyclone is built to stay put. It reduces insurance rates—keeps marauders out and your valuables in.

And Cyclone lasts longer. It is made of copper steel to resist rust. Galvanized after weaving, so that the protective coat of galvanizing is not broken while the wire is woven. The chain link fabric bearing the "12M" label has an extra heavy coat of galvanizing.

Compare Cyclone with other fences. See for yourself how much less it costs in the long run when you consider the quality of protection you get, the cost per year of service, and the minimum maintenance cost.

CYCLONE FENCE CO., General Offices: Waukegan, Ill.

Branches in Principal Cities

Pacific Coast Division: Standard Fence Co. General Offices: Oakland, Calif.
Export Distributors: United States Steel Products Company, New York



This "12M" seal identifies a new standard of fence value—developed by Cyclone. Fence that bears this label has an extra-heavy coat of galvanizing, and will last longer.

FREE BOOK —write for it

A 32-page book, yours for the asking, crammed with facts and illustrations, will tell you all about fences—Chain Link Fence, Steel Picket Fence. How to have fence gates that won't drag, fence rails that won't buckle, fence post foundations that won't be weakened by frost. Cyclone Fence can be delivered to you in a few hours from the nearest warehouse. And a complete erection service, with trained Cyclone men, is at your disposal.

CYCLONE FENCE CO., Dept. 467, Waukegan, Ill.

Please mail me, without obligation, a copy of "Your Fence—How to Choose It—How to Use It."

Name _____

Address _____

City _____

State _____

I am interested in fencing: ☐ Industrial Property; ☐ Playground;
☐ Residence; ☐ Estate; ☐ School; Approximately _____ feet.

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TODAY



U.S.S Cyclone Fence

UNITED STATES STEEL

brothers. He had retained them as managers of their intricate properties, and had given them an option permitting the re-purchase of control when they were in a position to do so. That option had been written so that, in the belief of those concerned, it died with them. Otherwise Ball's ambition might have been overthrown. He had planned not merely to save the brothers but to save the properties. If, through the transfer of the option, the control were to pass into other and perhaps hostile or indifferent hands his plan might have been defeated. A question was raised by the representatives of the partnership estate left by the brothers, as to the validity of the option.

The courts hold the option died with the brothers.

George A. Ball has established a charitable foundation of which the field is the world and which may do anything of an "educational, religious or charitable" nature. It will have a fund of at least \$6,375,000 to draw upon. It is his undoubted hope that eventually it will be possible to get the kinks ironed out of the Van Sweringen fabric and make out of it the serviceable instrument the brothers hoped it would be.

It seems possible that, in the end, George Alexander Ball will have accomplished his ambition.

Labor is Dependent on Others

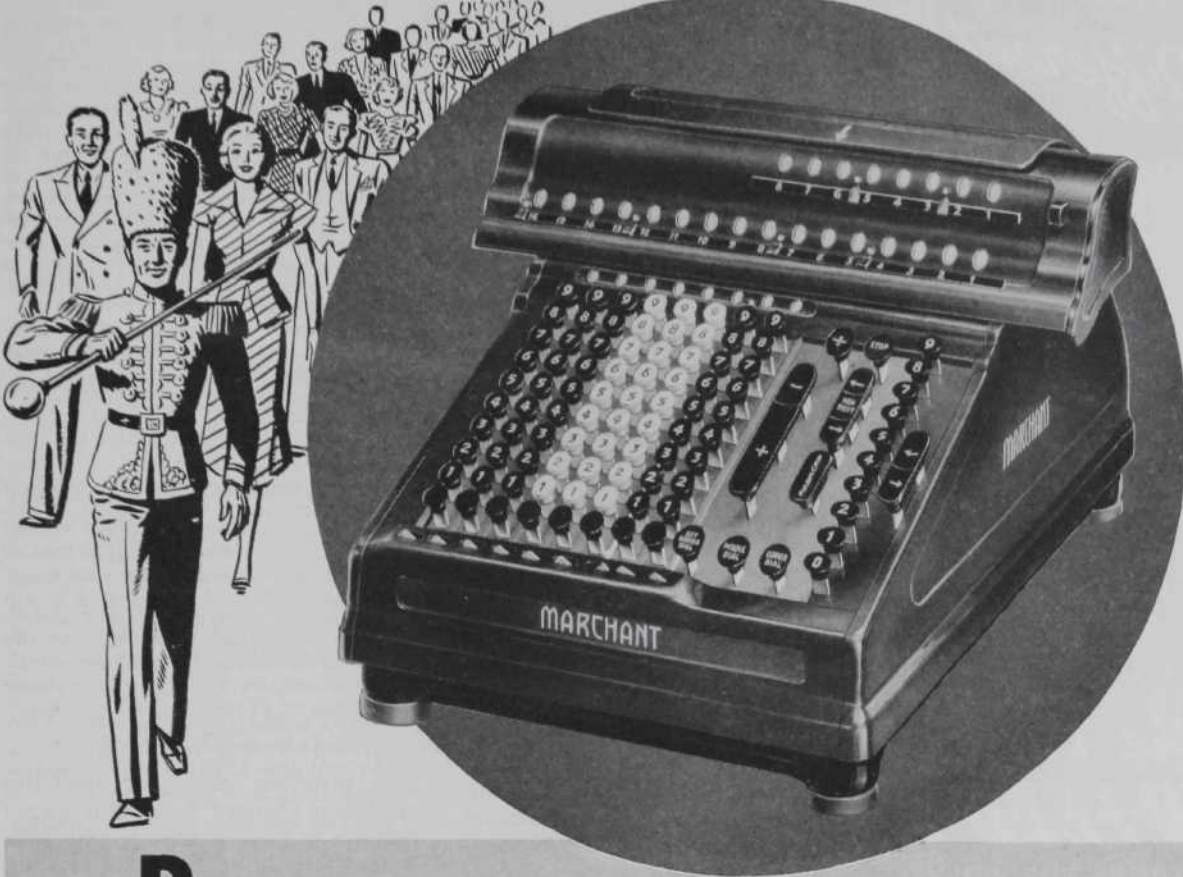
(Continued from page 112)

myriads of other materials entering into both the machinery and electrical equipment, we would have work for 601 men for a year on the buildings and the steel which goes into them, for 3,768 on the machinery and the steel which goes into it and 418 on the electrical equipment. That makes a total of 4,787.

Another way to measure the labor created would be to say that, as all merchandise values are created by labor, we could lop off \$1,000,000 from the total cost, for land and basic raw material costs and apply an average hourly rate of 70 cents to the remaining \$14,000,000. That would mean 20,000,000 man hours or a year's work for almost 10,000 men, and it would probably be more nearly right than the more detailed partial figures.

One thing is evident. Our industrial leaders recognize the interdependence of all fields of labor and the importance to all of us of keeping the whole machine going. Do the labor leaders—or do they care?

MARCH ON with MARCHANT!



The **Revolutionary advanced calculator** *that readily shoulders the added figure-burdens of modern business!*

The NEW MARCHANT

All Electric... Full Automatic

Silent Speed CALCULATOR

MARCH ON with Marchant's unequalled Silent Speed! This is the calculator that Business has been waiting for. Its Silent Speed answers all figure-problems far faster than any other calculator—instantly shortens and simplifies the handling of all figure-work.

MARCH ON with Marchant's super-performance! Its smoothly flowing mechanism always operates at top-speed—never falters, never slows down, never halts! Its **all-electric operation**, with **one-hand keyboard control**, enables the operator to work faster and with far less effort.

MARCH ON with Marchant's foolproof accuracy! Marchant eliminates all risks of

human error! It is completely automatic—no strokes to count—no bars to hold down! It has **true-figure proof dials** for a perfect check of **all three factors**; perfect 3-dial alignment; complete carriage **capacity carry-over**; positive **electric clearance**; and countless other new and exclusive Marchant features!

MARCH ON with Marchant's revolutionary new efficiency and economy in your organization. This new Marchant has been tested in every field of business . . . and found supreme! Inquire today about Marchant's new standard of calculator performance and value!

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THE EGRY REGISTER CO.
DAYTON, OHIO

**EGRY
SPEED-FEED**

Uncle Sam's Real Estate Business

(Continued from page 118)

number in which title is in hand is 25,000. Mr. Fahey recently informed Congress that, based on experience, the number of foreclosures which will have been authorized by July 1, 1938, might total 160,000, although he considered this an outside figure.

Of the 25,000 dwellings already acquired, 7,000 were surrendered to the Corporation by their owners without the formality of court proceedings.

"We give up," the owners said. "You may take the property."

This is the backwash of mortgages written on 1,000,000 homes and representing loans of \$3,000,000,000, the foreclosures having been deemed necessary to protect the Government and in fairness to those who have been paying what they agreed.

Studying the real estate market

THE prospect of coming into possession of so many dwellings has prompted Mr. Fahey and his associates on the Federal Home Loan Bank Board to study the real estate market for indications of what may be encountered a few years from now. They have found the outlook encouraging for increased values generally and—although this was unexpected—the prospect fairly bright for the Home Owners' Loan Corporation to wind up its affairs without material loss to the Government.

The increasing appreciation that the Government should deal with privately-financed housing through a single agency has caused the Board to be put forward for a position of greater importance in the general reorganization program now under consideration. The Brookings Institution of Washington, employed by the committees representing the Senate and the House to study the subject, recently recommended that to the Board's present authority should be added supervision of the activities of the Federal Housing Administration and the RFC Mortgage Company, an agency within RFC.

At the same time, the Institution proposed the consolidation of the Home Owners' Loan Corporation and the Federal Housing Administration to end policy conflicts and flagrant duplication of effort and to save the taxpayers \$24,500,000 a year, a cut from the \$47,000,000 now being spent by the two. Brookings said:

In the last fiscal year the Federal Housing Administration spent more than \$7,000,000 on its field organization and the Home Owners' Loan Corpora-

tion more than \$23,000,000. The work of these field organizations is similar, and the similarity will increase as the Federal Housing Administration grows older and is confronted with a larger volume of defaults on its guaranteed loans. Both agencies have the same problems of property management and resale of properties. Their legal staffs are specialists in the same field of law. Their research staffs collect extensive data concerning the trend of real-estate values in the same communities. The same questions of policy as to the treatment of delinquent debtors will arise in both agencies. No important public service is served by keeping them separate, and we have no hesitation in recommending that they be consolidated.

And in conclusion:

It is not necessary that either the Home Owners' Loan Corporation or the Federal Housing Administration should absorb the other. What is suggested is merger into one federal home-loan agency, to be administered by a board or administrator, as Congress might determine. It is important, however, that the new agency should be brought under the supervision of the Federal Home Loan Bank Board or of some other coordinating agency exercising supervision over all the home-lending institutions.

The program calls for insuring those Home Owners' Loan mortgages which are in good standing and their sale to the public, the money so derived to be applied to the retirement of the corporation's interest-bearing bonds. Insurance on privately-negotiated mortgages, such as the Federal Housing Administration now provides, would be continued for the institutions desiring it, but without any ballyhoo.

The future of the insured mortgage is a subject much under discussion. The loosening up of the money market is prompting an increasing number of lending institutions to relieve mortgage borrowers of the necessity of paying one-half per cent insurance premium on the full face amount of an amortizing loan for periods up to 20 years in cases where the amount borrowed is not an excessive percentage of the property's value.

These institutions are insuring those mortgages covering loans which are high in percentage and therefore involve greater risk, but, in their natural competition, retaining without insurance and consequently at less cost to borrowers, the gilt-edged mortgages. There also is the question of whether an experimental program that seemingly works all right on a rising real estate market also would work all right with conditions reversed.

Private capital's refusal to invest in national mortgage associations, which the National Housing Act hoped would be a central market for in-

sured mortgages, was offset in degree when the RFC Mortgage Company received authority to buy those representing construction begun after its organization in 1935, the purchases so far being slightly less than 10,000 in number and around \$40,000,000 in amount. Under the Brookings proposal, the function of buying and holding these mortgages would go to the home loan banks.

RFC has good mortgages

THE primary purpose of the RFC Mortgage Company, of course, was the relief of owners of commercial and industrial property, hotels, apartment houses and the like, approximately 2,000 such loans having been made for a total of about \$90,000,000. Uniformly these are satisfactory and the real estate market has little to fear from this source. The Brookings Institution's proposal that the agency be transferred from the Reconstruction Finance Corporation to the Federal Home Loan Bank Board was made merely on the ground that it logically fitted into that niche.

The other federal agencies which have dealt with real estate credit and finance are once removed from the public, their operations having been indirect, such as advances made to lending institutions. The farms which have been acquired by, and which will be disposed of by, the Farm Credit Administration are to be considered individual business enterprises rather than so much real estate. The properties involved in the operations of Resettlement Administration do not enter the general real estate market.

The emergency purpose of some of the agencies now is at an end and what remains is a clean-up job. So sentiment is growing for a broad federal policy that will insure the clean-up being done expeditiously and with full consideration for the interests of individuals and private business.

A Federal Administrator of Liquidation has been proposed, to function with an organization possibly built on the sturdy framework of the Reconstruction Finance Corporation and possibly with that agency's chairman, Jesse H. Jones, as the administrator.

The proposal contemplates reorganizing the Reconstruction Finance Corporation and combining it with the other emergency agencies whose main business from now on is liquidation. These would include the Home Owners' Loan Corporation, the Federal Housing Administration's modernization credit activities, the Public Works Administration's municipal securities and housing projects, the Resettlement Administration's housing projects and the Commodity

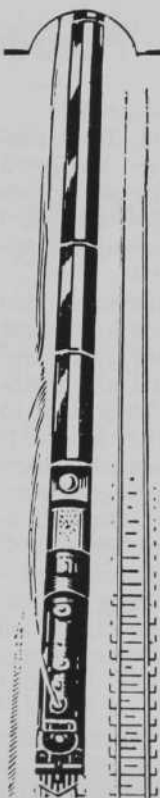


Ready for Delivery— 43 Million People

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Whether you buy or sell, ship or receive, you tap ready markets and convenient sources of supply when your plant is located on the Erie.

We can tell you of markets and materials, labor supply, taxes, real estate values, available factories or sites. We can help you sell these 43,000,000 customers—and many more—at lower cost. There is no charge or obligation. Write the Industrial Commissioner, Erie Railroad, Cleveland.



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... between New York, Binghamton,
Elmira, Buffalo, Chautauqua Lake,
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The best records and stationery are made from rag papers. But when you specify merely "rag-content" paper, you are being guided by a phrase which is confusing, and misleads you into getting paper of uncertain quality and value. It identifies indiscriminately papers produced from 25%, 50%, 65%, 75%, 85% and 100% of rags; new rags, old rags; white rags, colored rags. It means expert workmanship or faulty processing; good, bad, or indifferent quality; genuinely serviceable records—or the reverse.

Now, however, there is a dependable guide to enduring quality and everlasting value in record paper, and impressive stationery. This unusual booklet will show you how to select these papers at no extra cost—perhaps at an actual saving.

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Credit Corporation. The preface to the proposal says in part:

The Federal Administrator of Liquidation should receive broad powers to insure the Government's orderly withdrawal from the field of private finance which it entered solely as a matter of emergency and, while effecting this, to maintain such balance between collecting and selling activities as will reasonably conserve the fiscal interests of the Government and at the same time remove it as rapidly as possible from the field of private investment. The objective is to avoid an unnecessarily protracted period of liquidation, and thereby to lessen the opportunity for the invasion, with the possibility of serious losses to the Government, of extraneous political considerations into fields where the problems are primarily economic.

Experience with liquidating the war financing activities indicates that a single administrator, rather than a board, is the desirable form of organization for an operation of this character. What it calls for are prompt decisions, firmness in the matter of collections and effective action in the disposal of assets.

Congress should establish the policy of utilizing the funds so realized for the reduction of the national debt and not for the current needs of the Government.

The job of liquidation is staggering. The Reconstruction Finance Cor-

poration, for example, has 4,000 employees and outstanding loans of \$700,000,000. The Home Owners' Loan Corporation has 16,000 employees and about \$3,000,000,000 due on mortgages. The Federal Housing Administration has 3,500 employees and an as-yet-undetermined liability on more than \$500,000,000 worth of so-called modernization notes which it insured. The Public Works Administration has 5,000 employees and (together with the Reconstruction Finance Corporation) municipal securities of \$250,000,000 and housing projects of \$131,000,000. The Resettlement Administration has 13,000 employees and 53 housing projects.

Some of the war-time activities are still being liquidated. Those who are doing it are not in a hurry because it will mean the end of their jobs. The same thing again may be true unless the problem is handled with authority and firmness such as seldom is found in the Government.

Altogether it is a tremendous problem and an important one. The wonder is that it hasn't given Uncle Sam a considerable headache. Or maybe it has.

The Paradox of Akron

(Continued from page 29)

the advertisements used. It is possible that the Association has set a new theme and tempo for similar efforts in other places—just as events in Akron early in 1936 presaged similar occurrences elsewhere.

Professional and business men whose work brings them in contact with employees and employers, endorse the principle, spirit and methods of the Association. They want to see it continue because they believe it has not yet had time to reach a high point of effectiveness, although they agree that this matter of effectiveness is difficult to determine. It is probable that the Association has accomplished good in its effort to cooperate with and coordinate activities of about 25 Akron organizations which have endorsed the Association's platform.

The Association has taken the attitude that union membership is a man's own business, and that union activities are interesting to the Association only if they cause an employer to move out of Akron. Association executives rightly differentiate between official acts of a recognized union and illegitimate sit-downs.

Labor unions viewed Association activities with suspicion in the early stages. They were early given the opportunity to join in its support and

activities but so far they have not seen fit to do so. At this time, union leaders are quoted as saying that the Greater Akron Association is not a truly civic body because labor is not included. But it would seem that labor does not care to join.

No one in Akron will state that Association work is responsible for the smaller number of sit-down strikes since the first of the year. General opinion, however, gives the Association credit for increasing the unpopularity of sit-downs. The average informant agrees also that union heads themselves are now discouraging the sit-downs although they used them as a powerful leverage toward recognition of the International Rubber Workers Union.

There is an obvious reason for the decreasing tendency among union leaders to use the sit-down as a tool. In a sit-down, arguments are presented directly to the management before the union leaders, who represent the men, can do anything about the situation. Furthermore, leaders probably understand that too frequent use of the sit-down may drive the rubber companies out of Akron. No logically-minded union leader would care to kill the layer of such golden eggs.

It is not within the province of this article to state whether the movement toward decentralization from



Virginia children watching a school play. Courtesy Virginia State Chamber of Commerce.

PROTECT LIVES LIKE THESE . . .

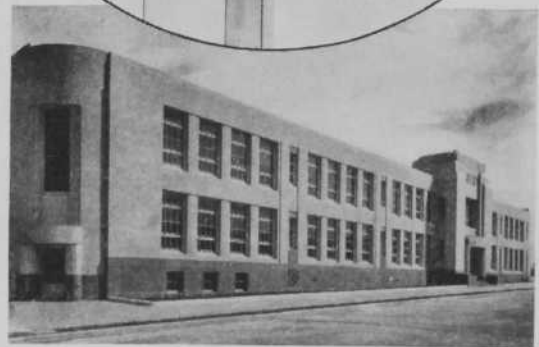
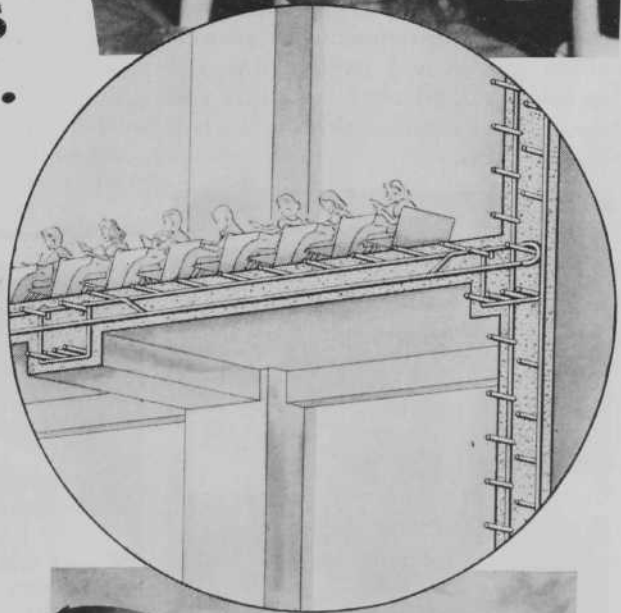
by building like this →

THE occupants of a reinforced concrete building are protected against fires, tornadoes, hurricanes, explosions and even earthquakes.

And no wonder! Walls, frame and floors are a monolith of concrete and embedded steel bars. Such a structure has the strength, rigidity and toughness to withstand terrific twisting, bursting and other forces that might spell disaster in a split second for less sturdy construction. It is the *safe* way to build.

Your community can enjoy this security if it can afford to build at all. Concrete's reasonable first cost and low maintenance will satisfy the thriftiest buyer. It is enduring, weather defying. And its beauty possibilities are unlimited.

Ask your architect and engineer, or write us for complete facts about concrete for your new building.



Francis Scott Key School, San Francisco—one of 12 new concrete buildings recently completed under this city's \$3,500,000 school building program. William Mooser, Edward A. Eames and Dudley Dacre Stone, architects; James M. Smith, structural engineer; Dinwiddie Construction Co., contractor—all of San Francisco.

PORTLAND CEMENT ASSOCIATION
Dept. 6-44, 33 W. Grand Ave., Chicago, Ill.

A National Organization to Improve and Extend the Uses of Concrete

REINFORCED CONCRETE
Safest Way to Build



Even the service at the Hotel Pennsylvania glows with glamour! Blue-jacketed youths move with West Point precision...crimson-clad mademoiselles in the Cafe Rouge softly inquire, "Another pot of coffee, sir?"...a floor secretary handles your personal messages as capably as the girl back home...Thus does the glamour of personalized service add its touch to the architectural glamour in which you live so luxuriously at this hotel when in New York.



CORNER of the magnificent new lobby—one of the most glamorous in New York



MORNING PAPER under the door—one of the many Pennsylvania courtesies.

HOTEL PENNSYLVANIA

STATLER OPERATED

ACROSS FROM PENNSYLVANIA STATION, N. Y.

2200
ROOMS
each with private
bath
Rates begin at
\$3.50

Akron has stopped, since rubber company executives were not interviewed. At any rate, no further plans for decentralization were announced between the first of the year and the middle of March.

Just as it would be natural for a tire company to put intense sales pressure upon an undeveloped trade area, it is reasonable to assume that Akron was selected for industrial union organization because of compactness—40,000 rubber workers in a small area, workers whose wages were considerably higher than those of other industries. Early in 1936, the union is supposed to have had about 2,500 membership. Union leaders are quoted today as claiming 30,000 members, controlled by CIO.

If this figure is correct, it represents union dues of close to \$400,000 a year. Estimating 10,000 additional non-unionized rubber workmen, it is apparent that an additional \$120,000 is in sight annually if the entire personnel of the rubber companies can be whipped into line.

Complete unionization can result in a check-off system by which CIO would receive about \$500,000 a year for use in Akron and to finance activities elsewhere, provided decentralization stops and the level of rubber workers remains at 40,000.

As to these rubber workmen, almost every informant capable of

analytical comment brings out the fact that Akron men are largely native born. This causes some bewilderment. "The man on the street" in Akron seems to feel that "radicals and disturbers" should come from backgrounds quite different from those of the average Akronite. It is said that personnel records would reveal a majority of workmen as of Anglo-Saxon descent, hailing from southern hill and mountain districts. We might assume that this racial stock, weaned on Bible teachings would have unusually high regard for property rights. The sit-down record reads differently.

About 20 per cent of the rubber workers are said to favor sit-downs or any other means of attaining their ends. No one outside the ranks seems to know just what those ends are, since rubber companies have already recognized the union. There is a significant parallel here between an industrial and a social situation. Hot heads of this territorial stock have long been regarded as unusually amenable to teachings of "isms," and easily swayed by appeals to make themselves the law. That is history. There, perhaps, is one reason for present unrest in Akron.

Another 20 per cent of the men in the plants are said to be loyal to their employers. Opinions agree that these are largely older men. The remainder



WASHINGTON POST PHOTO

Daily Lesson in Regimentation

A GOVERNMENT bull has something to look forward to. For an hour and a half each afternoon the bulls at the Government's experiment station in Beltsville, Md., go round and round this exercising circle and get nowhere. But bulls have no objection to regimentation, provided they find hay and bran in the manger. If one should become recalcitrant it's simple to put a twitch on his nose and make him do the same amount of walking as any other bull. Barring a few cracks from the driver's whip, life is peaceful for these bulls—they do not understand why business men should object to walking always in the same circle.

are summed up as "fine citizens, loyal to their jobs." Union membership to this group means insurance against loss of support to their families.

It is general opinion that Akron labor leaders now want to stabilize their members, make them responsible to sounder organization. It is probable that local leaders recognize property rights better than do some of their members. Akron labor leaders are reported to be "good people, not wild-eyed flag wavers."

CIO and local leaders

PUBLIC opinion places imported CIO organizers on a considerably lower level. Guarded comment in Akron indicates that there is more than slight difference of opinion between the two types as to future policies and methods. It is common talk that the outside group is leaving no stone unturned to attain 100 per cent membership in the union. Most moves of the administration at Washington are construed in union meetings to mean that Washington is back of every act of labor. Naturally, much capital was made of the Flint situation, the construction being that "Washington is solidly back of us." If we recognize the law of diminishing returns, 100 per cent unionization would probably accelerate the decentralization which the Greater Akron Association and allied civic bodies are attempting to stem.

Rubber companies are not lily-white altruists in dealing with employees. In the main they are "pretty fair to work for." The opinion exists that rubber company management has used better tactics than management faced by similar situations elsewhere. Akron sit-downs have been notably free of violence.

To an observer, Akron presents a disturbing train of thought. A large number of people outside Akron have savings, perhaps major life-time nest eggs, invested in rubber company securities. They are uneasy about this Akron situation. They object instinctively to unauthorized seizure of "their" property.

Disregard for property ownership cannot help but result in a swing of public opinion. People who shudder at the thought of dictatorship today, may welcome it as the means of controlling unlawful seizure. Willingness of officialdom to close its eyes to property rights and laws they are sworn to enforce is not lost upon the "man on the street" whether in Akron or elsewhere.

Is it possible that, entirely outside labor's ranks, individuals in high places are using labor as a tool slowly to sluice public opinion into channels right for their purposes?

A STRANGE WORLD UNDER CONTROL



Science is dictator in the amazing world behind the Nekoosa watermark. And *control* is the first and foremost law. Aspects of Nekoosa control cover such big things as a man-made lake thirteen miles around that delivers twenty-eight million gallons of pure water daily, and a huge forest of trees pre-selected for their superior fibre characteristics. From remaking nature on so gigantic a scale, Nekoosa control extends all the way to the microscopic examination of a single paper fibre. And in between, a host of men, materials, and machines is rigorously controlled for the single purpose of delivering scientifically-planned papers to you at prices permitting real economy. More than that, every Nekoosa paper—NEKOOSA BOND, NEKOOSA Mimeo BOND, and NEKOOSA LEDGER—is *pre-tested* before it leaves the mill to make sure it will meet every requirement of modern business. To tell you the fascinating story of this controlled world of paper, a novel word-and-picture book has been created, "The World Behind a Watermark." It will take you on a fascinating behind-the-scenes journey, and give you reasons aplenty for standardizing on Nekoosa *Pre-Tested* Business Papers and the matching envelopes which are available in commercial sizes. For a free copy, mail coupon below. Attach it to your business letterhead.

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NB-6-37.

See how little it costs you now to travel safely, in comfort, by

the LOWER BERTH →

"Tuck me into a Pullman lower and I'm the happiest girl alive," says **Kay Campbell**, radio artist. Miss Campbell calls her journeys "Pullman Pilgrimages"—and writes appreciatively of Pullman service. Like the majority of all Pullman travelers, her preference is for the comfortable lower berth (illustrated at right). When she makes a typical overnight trip, it costs her only \$2.50.



← The SECTION

"I wonder if folks realize how economically they can enjoy Pullman comfort," says **Tom Walsh** of Quaker Lace Co. Mr. Walsh likes the Single Occupancy Section (illustrated left above). He has the space of both upper and lower berths, with only the lower made into a bed at night, giving added privacy, and with extra room to dress. During the day both seats of the section are his. On one of his typical overnight trips, the Single Occupancy Section costs Mr. Walsh only \$1 more than the lower.

The COMPARTMENT

"Alone, or with a business associate, the Pullman compartment is my rolling office," says **Mr. B. E. Henderson**, Pres., Household Finance Corp. This accommodation is a spacious private room with upper and lower berths, private lavatory and toilet. When Mr. Henderson makes one of his usual overnight trips alone the Compartment (illustrated below) costs him \$5. When a business associate goes along, this Compartment costs \$7—only \$3.50 each.



The DRAWING ROOM

"We think travel by Pullman is the best kind of rest and relaxation," declares **Audrey McGrath**, who, with her traveling companion, **Gladys Reinhart**, prefers the Drawing Room (illustrated at left). A splendidly appointed accommodation. Upper and lower berths and full-length lounge, with private toilet and lavatory in a separate annex. For two, a typical overnight journey costs \$9 or \$4.50 each; for one, only \$6.25.



Pullman

HERE ARE EXAMPLES OF THE LOW COST OF PULLMAN ACCOMMODATIONS

About one-half of those who use Pullman cars during the course of a year travel between places where the lower berth rate is \$2.50 or less. A \$2.50 lower berth rate covers a typical overnight journey—about 300 miles. These pages picture and indicate to you the cost of each of the various types of Pullman accommodations for such a typical overnight journey. For longer trips, of course, the rates are correspondingly higher, but the ones quoted will give you an idea of the relatively low cost of Pullman serv-

ice. Pullman accommodations may be purchased by passengers holding transportation tickets required by the railroad company. The rates shown on these two pages are Pullman charges only and do not include the cost of railroad transportation tickets. Your ticket agent or the Pullman Company will gladly quote rates on available accommodations for your next journey.

Taking a 500-Mile Overnight Trip?

Your Pullman accommodation would cost about:

Lower Berth	\$2.50
Upper Berth	2.00
Single Occupancy Section	5.50
Bedroom for one, \$4.50; for two, each	2.50
Compartment for one, \$5.00; for two, each	5.50
Drawing Room for one, \$6.25; for two, each	4.50

—(Railroad fare is in addition to these rates)—

All testimonial statements in this advertisement were furnished without compensation

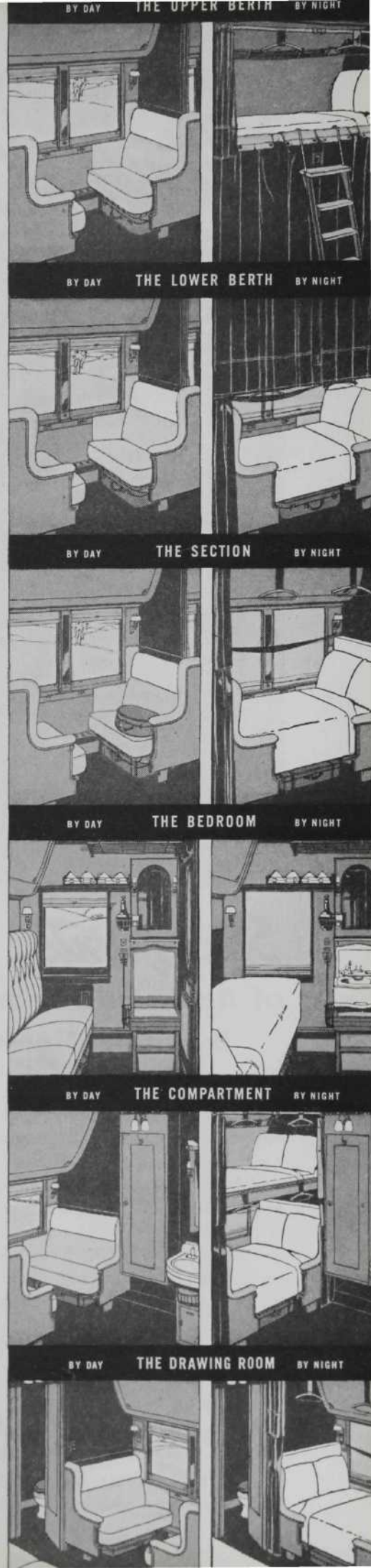
The UPPER BERTH

"I've got to get plenty of sleep at night," says **Miss Helen Reese**, actress. "And I sure get it on a Pullman when I am on tour." Miss Reese always takes an upper berth (illustrated below) because that is the accommodation she prefers. Miss Reese's upper berth costs her only \$2 for her usual overnight trip—20% less than she would pay for a lower berth for the same trip.

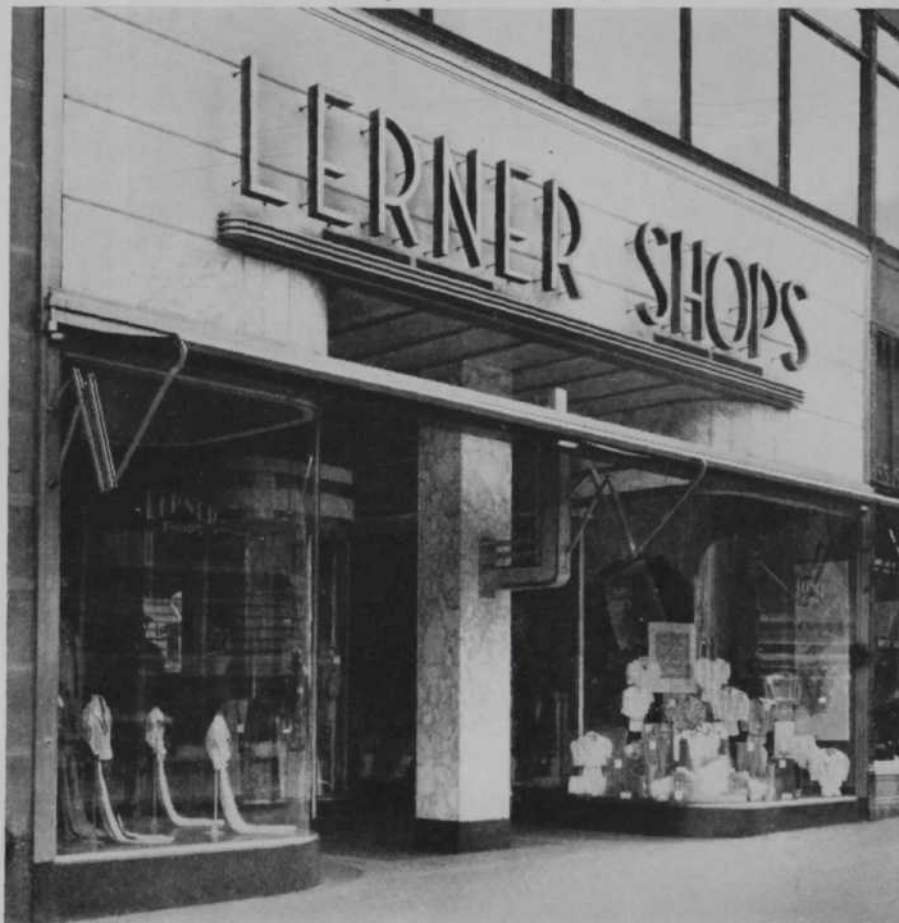


The BEDROOM ↗

"Think of having a private room while traveling—it's just like home to us," declare **Madeleine Shannon** and her friend **Linda Yale**. Their favorite Pullman accommodation is the Bedroom (illustrated above), with desk, lavatory and toilet. A comfortable sofa, with concealed upper berth above, become commodious beds at night. When Miss Shannon goes on an overnight journey, the Bedroom costs \$4.50. When Miss Yale is



DOES YOUR STORE "Put up a Good Front?"



Lerner Shops, Salmon Tower, New York

Store fronts

of Anaconda Bronze Attract Customers by their Dignity and Good Taste

REALIZING that a store must make a good "first impression", retailers everywhere are choosing storefronts of Anaconda Bronze. Its rich beauty carries distinction *without distracting attention from the merchandise on display*. Like so many others, the trend to Bronze started on Fifth Avenue, New York. In the fashionable shopping district, 8 out of every 10 store fronts are Bronze.

And Anaconda Bronze is as economical as it is suggestive of quality. Durable and absolutely

rustproof, it renders *permanent* service. It is easily cleaned and may be kept in its original state with only occasional attention. Even when bronze work has been neglected, cleaning and polishing quickly restore its natural lustre.

The American Brass Company is the principal supplier of bronze, copper and nickel silver in the form of extruded shapes, drawn shapes, sheets, etc., as used in the construction of ornamental work of every description.



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Anaconda Copper & Brass

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Offices and Agencies in Principal Cities • In Canada: ANACONDA AMERICAN BRASS LTD., New Toronto, Ont.

The Hotel Business Blooms Again

(Continued from page 82)

statesmanship. Instead of disbanding their repeal committee, they continued it as a temperance organization. Vigorously they have fought for moderation. As a result, hotels have become exceedingly thin-skinned about intemperate tipping on their premises, of any tipping at all by youngsters. As a result also, managers are turning artists loose on cocktail bars and lounges with orders to "decorate them away" from the old time saloon atmosphere.

From Gen. G. Leslie Kincaid, president of the American Hotels Corporation, has come much of the impetus for decorated bars. The General is the most traveled man in the hotel business, uses airplanes exclusively to get around to his 51 hostleries in 13 states, and sleeps in more than a score of beds monthly. Closest to his heart at the moment is the project of embellishing the walls of the American Hotels Corporation's cocktail bars with the historic murals of George Grey, naval and military artist.

Hotel men are inclined to follow General Kincaid's lead not only because cocktail bars are the greatest single revenue producers outside of rooms, but also because such bars bring patrons into hotels.

The size of the hotel and restaurant annual liquor bill—\$270,000,000—indicates the important rôle which repeal has played in the hotel business. But although repeal helped, ingenuity in winning patron good will helped more. When room sales fell, hotel executives racked their brains to make the guest's visit to a hotel an adventure in pampered luxury which few patrons could afford in their own homes. They vied to supply a brand of superservice that soon made circulating ice water, 30-minute valet service, brokerage and theater ticket facilities standard equipment.

Now the modern hotel thinks nothing of walking your dog or of writing a song for your convention. Such was the superservice which the Hotel Sherman in Chicago last year gave the Chevrolet Automobile convention. That week husky baritones rocked the Sherman ballroom with the strains of "The Knee Action Glide."

It remained for Lucius Messenger Boomer, president of the Waldorf-Astoria, among other things the world's tallest hotel (47 stories), to think of providing guests with birthday cakes, candles and all, if the birthday hap-

pened to coincide with a visit to that hostelry. The child who celebrates a birthday at the Waldorf not only gets a cake but a cartoon portrait by the Waldorf-Astoria staff artist as well. And should the child's birthday fail to coincide with a visit to the Waldorf, the hotel asks for his birthday date anyway. When it comes the hotel mails him a suitable book.

Ralph Hitz, 46-year-old Horatio Alger of the hotel business, provides other good will winners in the eight National Hotel Management Company properties which he manages, and the superservices he invented have been copied widely throughout the trade. Hitz pushed his way upward from a job as elevator boy. He spends 14 to 16 hours daily at his job, manages to squeeze in a prodigious amount of entertaining in his hotel's restaurant and in his thirtieth story apartment atop the New Yorker. He used to work at two desks, one before and one behind him. He still can snap out the previous day's count of rooms occupied in all his hotels, the count for the similar day of the previous week, the income from restaurant and liquor sales.

Customers like their names

WHILE working as a head waiter, Hitz learned that patrons relish being recognized and called by name. Now if you should stop at the Congress Hotel in Chicago, in the Book Cadillac in Detroit, in the Nicollet in Minneapolis, you will find on ordering a valet or waiter to your room that he will meet your needs with a "Yes, Mr. Smith" or whatever the name may be. So will the bellboy and every other employee with whom you come in contact after registering. How is it done? The employee who gets your call for service merely checks the room number with the "rack," thus gets your name and remembers it.

Other Hitz innovations: a free overnight kit containing pajamas, brush, comb, toothbrush, slippers for the commuter staying in town for a theater; ramrod backed bellboys who are drilled weekly in the hotel ballroom by a former Roxy usher drill master.

Since our boniface is a great fellow for fraternizing, he has organized himself into more associations than any other businessman in an industry of similar size. The potent American Hotel Association heads a list of 90 national and regional groups. Ideas, therefore, get around quickly. For that reason a well travelled American can expect to find that the Hotel Pennsylvania in New York City will clean his hat free overnight, that almost any of the newer hotels will provide him with his hometown



As Simple as

JUST a simple air tube from desk to desk, from floor to floor, or building to building—yet it works wonders in speeding up business flow. Lamson Pneumatic Dispatch Tubes whisk mail, money, telegrams, memos, records, shipping tickets—even small articles and tools—from department to department in the twinkling of an eye.

Saves employees from leaving their desks or stations to deliver urgent orders or records. Ends the hours wasted in just fruitless walking.

More—LAMSON DISPATCH TUBES keep office papers moving at an even flow. All departments are kept uniformly busy. No points where papers stagnate. No peak hours; no careless, last minute rushes to finish before closing time.

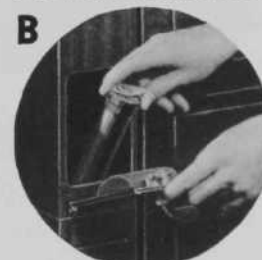
Inexpensive, too. You can buy one tube or many—from a few feet up to a mile or more. You'll find them in use everywhere—in small garages and giant skyscrapers—in hospitals, stores, hotels, newspapers, warehouses. No business is too small, none too large to use them economically.

Write, find out how these modern mechanical messengers can speed up *your* business. Ask for the booklet "WINGS OF BUSINESS"—or tell us that you want a skilled Lamson engineer to call and consult with you without cost or obligation.

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Dependable SCHEDULES ZEALOUSLY MAINTAINED

WITH the same steadfast regularity and the same dependable accuracy which typify the operation of a light house, Norfolk and Western freight trains make their daily runs from shipping point to destination.

THE men who pilot these trains take justifiable pride in "bringing them in" safely, on time, and in establishing new records for efficient operation. Four merchandise freight trains, The Skipper, The Pilot, The Nomad, and The Caravan, ply daily between the Midwest and the Virginias and the Carolinas. Your shipments will consistently arrive on time when you specify "Precision Transportation."

**NORFOLK
AND
WESTERN**
Railway
PRECISION TRANSPORTATION

newspaper. If he is stopping at one of the more fashionable hotels, the traveller is likely to get a rose with his breakfast. If he is a travelling salesman stopping in the Bannock Hotel, Pocatella, Idaho, on Thanksgiving Day he will get his turkey dinner free. If the traveller is finicky about his food, he will have little difficulty in finding a hotel with separate kitchens to cook meals to his specifications. And if he is suffering from "morning after" nerve he may have harp music with his breakfast.

Hotel men are proud of their superservices, but many responsible trade association leaders believe superservices should not be lavished on guests so open-handedly. As a result, they have expended no small flood of words in pleading with hotel men to stop giving away their shirts.

Service and hospitality

BUT the practicing boniface clings with some logic to the thesis that generosity is the meat and bones of hospitality and, therefore, is good business. However that may be, superservices have become a permanent part of the American hotel scene, and the good will they stored up, coupled with financial reorganization and repeal, prepared hotels for the long road back to solvency. Better times did the rest.

Smoke pouring again from factory chimneys unloosed an army of salesmen and executives who took to the road in quest of business. Up went hotel room sales and barber shop sales and restaurant sales. Expanded incomes, like an explosive, propelled travel-starved Americans right out of their homes, into automobiles, trains, airplanes—and hotel rooms.

Conventions helped, too. Hotel men like to tell you that hostelries glean only 17 per cent of the delegate's dollar. But when you learn that some 10,000,000 convention goers spend an estimated \$200,000,000 annually on 18,000 meetings you are right in observing that even this modest percentage helps roll up a tidy sum for the hotel trade.

Delegates to the Republican national convention in Cleveland last June, for instance, pushed business 40 per cent above that of the preceding year; Democratic delegates, seemingly toting sleeker purses, pushed Philadelphia hotel business 82 per cent over that of the preceding year. And in Texas, two centennial expositions shot hotel income well over 1929 levels.

That is why New York City hotel men look forward eagerly to the 1939 World's Fair. But the anticipation is mixed with a little apprehension. What if promoters put up more ho-

tels? The anticipated blessing then might well turn out to be a curse.

But hotel men generally do not worry over developments two years from now. They are too busy with the day to day job of feeding people, putting them into comfortable beds, even entertaining them. For hotels are going heavily into show business.

Besides going into show business in a serious way, the hotel man, in many cases, is undergoing a fundamental change in orientation. Once his income depended on transient business. Now he is converting whole floors of his hotels into apartments. Thus the Stevens in Chicago (3,000 rooms), has altered three floors for this purpose. The Astor Hotel in New York City and others are following suit.

Measured in capital investment, America's 25,000 odd hotels add up to a \$5,000,000,000 industry, and some of the larger units provide no mean problem in management. Such organizations as the National Hotel Management Company, which oversees \$100,000,000 of hotel property and the 91 other chains which manage 700 important hotels need men who can handle personnel (hotels employ 400,000 workers), who know how to buy wisely (hotels spend \$300,000,000 annually on food alone), who understand intricate hotel accounting. Yet hotel executives worry no more about obtaining men to perform these technical tasks than a hospital superintendent worries about a scarcity of internes.

Future managers now study for a hotel career as they would for law or medicine. Cornell University pioneered in 1933 with a hotel management course. Now future hotel and restaurant executives annually study quantity food preparation, menu planning, beverage control and kindred subjects in Cornell, Michigan State College and other colleges and universities. Ninety per cent eventually go into hotel and restaurant posts.

For the young men who are shouldering hotel problems this year, and for their older colleagues, the most pressing problem will be that of rates. How much can hotels charge for rooms without hobbling room occupancy? The American Hotel Association and other trade groups contend that hotels can charge much more than they do now, and are pleading with hotel men to do so.

Bolder spirits in the industry already are experimenting with ten and 15 per cent rate increases. The movement undoubtedly will spread. If it does, practically all hotel men this bright year will enjoy the novel experience of seeing black instead of red when they look in their ledgers.

* YOUR LETTERHEAD IS THE VOICE OF YOUR BUSINESS



WHAT EFFECT A GOOD VOICE? Listening to the radio . . . speaking over the telephone . . . attending the pictures . . . we have all become keenly aware of the effect and the value of a good voice. The words, of course, are important, the music pleasant, but it is the voice that wins our remembrance and our response. • So it is with the letters you write daily. Your letters are your words, but they are carried by paper in this stead, acting as your voice. And how does that voice affect those who receive? Does it speak with clarity and assurance, with naturalness and easy grace? It can. It will, if you choose your paper as carefully as you choose your words. As with words, there is a large variety of papers, but those that will serve you best in your business and personal correspondence are *papers made from rags*. They are crisp and durable and have a ring of quality that will put a new note of confidence and distinction into the voice of your letters.

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FINE PAPERS FOR LETTERHEADS, LEDGERS AND INDEX RECORDS.

THE BEST PAPERS ARE MADE FROM RAGS

1,073 NEW INDUSTRIES IN ASSOCIATED AREAS

DURING the past five years the Associated System has helped the communities it serves gain 1,073 new industries employing 38,614 workers. Of this number, 278 concerns with 12,270 job opportunities came to Associated areas last year.

This activity resulted from a definite *industrial development program*, in which community organizations, Associated operating companies, and the System's Industrial Development Division cooperated. The object of this program is to help industrial concerns find sites where they can operate more efficiently, and to increase employment in areas served.

Full information about the industrial advantages of Associated areas in New York, Pennsylvania, Massachusetts, and 26 other States will be supplied upon request to our Industrial Development Division, 150 Broadway, New York.



**ASSOCIATED GAS &
ELECTRIC SYSTEM**



The Goal of Crop Insurance

(Continued from page 126)

will, therefore, become a sort of auxiliary to the general agricultural program.

The expectation is that the wheat grower will be insured against loss up to a certain percentage—say 75 per cent—of his yield. For example, if the average yield of wheat on a given farm is 16 bushels to the acre, insurance might be offered to cover 75 per cent of this, or 12 bushels. Thus, if that grower failed to get 12 bushels to the acre he would be indemnified up to that yield, but if he produced 12 bushels or more he would get no indemnification. His premium payments would have been figured accordingly.

It is not intended to assure the farmer any fixed money return on his crop. As already noted, that would involve taking on the hazard of price as well as of yields.

Avoiding the price problem

PAYMENT in kind would appear to be one short-cut across this question of price hazard. If the farmer pays his premium in wheat and receives loss payments in wheat the element of price fluctuation has not entered into the equation. As a practical proposition it would not always be feasible to make these payments in kind, and in those cases actual transfer might be made, not in the physical commodity but in its dollar equivalent.

It is no part of the intention to insure farmers against poor farming, to over-insure the low yield man, nor to penalize the farm that has high yields on the average. The idea is, in the first place, to under-insure somewhat.

In the second place, the idea is to base premium rates chiefly upon the average loss experience on each individual farm. The variation in a grower's yields over a period of years thus becomes the main determining element in the rate which he will have to pay for the insurance. The probability is that the average yields for the county or some wider regional unit will be used as an adjusting or modifying factor along with the yield experience on the individual farm. Thus, in fact, the premium rate on a given farm will be based largely upon that farm's own yield experience, but partly also upon the wider experience of that region.

Consideration of all of these factors will bring the costs and benefits of the insurance down to a direct re-

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lationship to each individual farm. It will be a fair break for the individual whether he is a good farmer in a good region or otherwise. I might add that this proposal to base premium rates upon the loss experience of individual farms has been discussed with both insurance men and wheat growers, and has been well received by both.

Paying premiums in grain

PRESUMABLY with some such system of payment in kind, the grower would pay his premium by delivering wheat to a local elevator which had been designated to receive it. It might be stored there or shipped elsewhere for storage. As payment in kind might not always be practicable, provision will have to be made for payment in cash equivalent. In any event, the insurance agency would receive wheat or would convert the cash payment into wheat for storage. Under this system, the insurance reserves always would be stored in the form of wheat.

The payment of losses could be handled in various ways. The farmer might be paid in grain if he wished, or he might be paid its cash equivalent, or possibly he might be given a certificate of ownership which would empower him to dispose of his grain from the central reserves as he saw fit.

I have mentioned the possibility that such a system of crop insurance might have a stabilizing effect upon the markets. It is conceivable that this might prove to be an important incidental outcome.

No fixing of prices

SOMEONE will point out that the Farm Board tried something of this kind without profit to anyone. This insurance proposal, however, would differ from the Farm Board experiment. There would be no attempt at price fixing. No governmental agency would be in the market buying and selling grain at pegged prices. In years of heavy crops, premium payments would flow into the central reserves and would be carried along in storage definitely earmarked to a specific use—the payment of losses. This grain would not overhang the market as a bearish factor. It would flow out of storage automatically in the year of crop failure and would come on the market at current prices. It is conceivable that, if these reserves were large enough, the system would act as a definite stabilizer in respect to both market supply and price.

This proposal hardly comes in the category of loosely socialistic enterprises which some have inferred it to

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● The price-tag does not tell you how much a tire *really* costs. It gives you only the purchase price, and is unimportant. The real cost of any tire can never be determined until its full mileage is run. Then only can you arrive at a true basis of comparison.

Recognizing these fundamentals, General truck tires are built stronger—to wear longer, and give better service over a greater period of time.

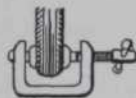
It costs more to build a General Truck tire because of the way it is built. Thousands of truck operators know it costs less to use Generals because of the way they perform. Your local General Tire dealer is ready to offer you the benefit of his factory training and practical truck tire knowledge. He may be able to reduce your tire costs materially.



STRONGER—All plies are full plies anchored at the bead—no floating “breaker strips”—every inch and every ounce is there for just one purpose—to produce more miles and a lower cost for you.



COOLER—They flex uniformly without that heat-producing “hinging action” of ordinary breaker-strip tires. Heat kills the life of cords and cuts down the miles in a tire. Generals are *cool*—that’s why they run more miles at a lower cost for you.



“COMPACT RUBBER” TREADS—All tires stretch due to fatigue in the fabric, but Generals, having no idle, half-way plies, stretch least of all. The tread is kept compact and compressed against the road—that’s why it produces more miles and reduces your cost.

THE GENERAL TIRE & RUBBER CO. • AKRON, O.

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GENERAL TRUCK TIRES

be. The intent is that farmers will pay for their own insurance. The Government's part will be to provide the overhead, administrative machinery necessary to launch the system experimentally.

The public stake in the experiment will not have been a large one, should it fail; on the other hand, the public stands to gain a great deal should it succeed.

Nor is this a case of governmental interference within the field of private business.

So far as the President's committee could discover, the private insurance companies feel that, at present, all-risk crop insurance is beyond their normal scope.

It is the kind of job that seems to require a governmental set-up. The old-line companies have offered every cooperation in furthering the undertaking.

As to the principle of the insurance itself, there can be no doubt that business men endorse it. Such men employ the insurance principle to cover virtually every hazard of business. Wheat, for example, is covered by insurance from the moment it lands in a country elevator until it goes into the housewife's kitchen as a sack of flour. All the way through the distributive system wheat is insured. Now the proposal is to work out some feasible plan by which the grain also can be covered by insurance back there on the production end.

I may add that it does not seem unreasonable to expect that banks, insurance companies and other institutions extending farm credit will look on crop insurance as a valuable thing.

A system of this kind certainly would play a large part in helping a farmer to maintain his credit status after a year of crop failure and put him in position to be a favorable credit risk for subsequent borrowing.

Let's Find Out About Big Business

(Continued from page 32)

small individuals are mobilized and put to work. The relative power of the “big corporation” has been waning for 400 years!

This is the lesson we get from a study of Adam Smith and the numerous unimpeachable documents on the subject.

The testimony of history is against the “Concentration” theory. There still remains the naïve assumption

that the "big corporation" has fewer risks, more "control," and hence more uniform prosperity than has the small corporation or the individual farmer.

No matter how big the corporation, or how big its control over supply, it has little or no control over demand, and hence little control over its final selling price.

Big corporations were hard hit

THE prosperity of the "big" corporation is a myth. One of the biggest and most successful corporations in the world is the United States Steel Corporation. Its common stock hit a high of 261 $\frac{3}{4}$ in 1929, and a low of 21 $\frac{3}{4}$ in 1932, a drop of 92 per cent in 32 months. These prices reflected profits—or rather, lack of profits. If we turn to American agriculture, conducted almost entirely by small independent competing units, we find that no agricultural commodity in the history of America ever did have a slump of such magnitude.

What is true of this big corporation holds true generally for the other big corporations such as railroads, meat packers, fertilizer companies, cotton mills, woolen mills, copper mines, beet sugar companies, rubber companies, banks, and many others. In short, the big corporation is all the more vulnerable, economically and politically, because of its size.

In fact, Dean Kimball of Cornell University says our giant corporations are too big for maximum efficiency and have now reached the point of diminishing returns. It is also well to remember that, when the U. S. Steel Corporation was formed in 1901, it controlled approximately 90 per cent of the steel business of this country; now it controls approximately 33 per cent. Its assets of two billions are matched by the two billions of assets of nine competing steel companies.

The Jacquerie in France and the Wat Tyler revolt in England in the Fourteenth Century, the Peasants' Revolt in Germany in the Sixteenth Century, like the Slave Rebellions and Social Wars of ancient times, were all revolts against autocratic, centralized economic and political power. With each century this power is less concentrated, more diffused.

Mankind travels up an inclined plane. Individuals slip back, but the masses get ahead.

Yes, we have "big" corporations, because the country is big. As Speaker "Czar" Reed said, when reproached for presiding over our first Billion Dollar Congress:

"This is a billion dollar country."

Never before was wealth and power so widely diffused.



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AT BERLIN, in the presence of the "Fuehrer and Chancellor of the Reich" on the morning of Monday, June 28, the International Chamber of Commerce, with delegates present from most parts of the world, will open a one-week series of meetings constituting the Ninth General Congress.

The International Chamber, formed in Paris in 1920, after a great preparatory conference at Atlantic City in the fall of 1919, held its first general Congress in London in 1921. At intervals of two years the subsequent congresses have taken place in Rome, in Brussels, in Stockholm, in Amsterdam, in Washington, in Vienna, in Paris.

Dr. F. H. Fentener Van Vlissingen of Holland, whose rayon fiber plants are located in many countries including the United States, will open the Congress. Thomas J. Watson, Chairman of the American Committee of the Chamber, will head the American delegation. Eliot Wadsworth, President of the Boston Chamber of Commerce, and American Vice President of the International Chamber, Willis H. Booth, former President of the International Chamber, Silas H. Strawn, Henry I. Harriman and Harper Sibley, former presidents of the Chamber of Commerce of the United States, will take part in the meeting.

Charles S. Haight, of Haight, Griffin, Deming and Gardner, New York City; Charles A. Carroll, Standard Oil Company of New Jersey; Charles J. Brand, Executive Secretary of the National Fertilizer Association; Alfred Reeves, Vice President and General Manager of Automobile Manufacturers Association; and Dr. James T. Shotwell, of Columbia University, will be on the program.

The main American delegation to the Berlin Congress, including business men from all parts of the United States, will sail from New York on the *SS Manhattan* June 16.

At Berlin the major topics on the program fall under the headings of "The Glut and Scarcity of Raw Materials," "Planning," "Ordered International Monetary Relations," and "Economic Nationalism."

The main assault in the Berlin meeting is expected to be

Business Leaders to Meet in Berlin



The State Opera House in Berlin where the International Chamber of Commerce meetings will take place from June 28 to July 3



PHOTOS: COURTESY GERMAN RAILROADS INFORMATION OFFICE

Delegates will go sightseeing to the Sanssouci Palace in Potsdam, which Frederick the Great built for himself

delivered against trade barriers and hampering monetary policies. In the past two years, since the General Congress of the Chamber in Paris, the organization has been carrying on a comprehensive study of international commercial relations and monetary policy jointly with the Carnegie Endowment for International Peace. Leading economists and experts in the various countries have analyzed the needs for policy changes to bring about further economic restoration, and have made their recommendations as to the specific lines of attack that should be carried out to bring about world-wide improvement. It is expected that the Berlin Congress will sound a note for progress in which all the nations may share.

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Have College Men Gone "Choosey"?

(Continued from page 19)

who are earnestly interested in winning an education is, I believe, considerably larger than ever before.

When we step down to the average undergraduate, it is also fair to say that he is growing up. Until a few years ago nearly every impartial observer would admit that the American college boy was less mature, less grown-up in his attitudes, in his amusements, in his idea of a good time, than young men of the same age in European universities or than young men in our own country who, on graduation from high school, were forced to go out to earn their own living.

Until a decade or two ago, the typical American campus offered a kind of life that was available nowhere else. The concerns of the great world outside did not obtrude themselves. As Booth Tarkington tells us, "if they read newspapers at all it was in the spring and fall to see what the newspaper experts thought of the chances of the eleven or the nine or the crew."

A world that was stable

BUT they really depended on the college daily for the news that was closest to them. There was no compelling reason why even the serious student must follow the day's news. Until recently all of us, young and old, imagined we were living in a stable world, that the world of tomorrow would be substantially like the world of today and yesterday.

Leaders in business today and the fathers of undergraduates now in the colleges for the most part reached their maturity in a time when our world, therefore, still seemed stable and governed by fixed general principles which none of us expected would change. From the Franco-Prussian War of 1870 to the outbreak of the World War in 1914 there had been no single startling, revolutionary event.

What happens in youth, in the years from one to 20, let us say, is far more important in giving us our final set than anything which happens later. For better or for worse, but inevitably, the young men now in college must be regarded as the children of a new, revolutionary age of rapidly changing and as yet unsettled political, economic and social problems. This has given them a different psychological attitude.

In their own lifetime, under their very eyes, they have seen governments overturned, in Russia, Italy and Germany. They have seen chang-

es scarcely less upsetting to our political and economic traditions take place in America as well. When the actual world in which they must live and move and make a living is changing almost daily we can no longer expect them to become excited about whether a freshman is wearing black socks or moves off the walk to let the grave, old senior pass.

The campus that used to be a retreat has ceased to be so. Wherever they sit or stand they are bombarded by news from every corner of the world. Even through ivy-mantled dormitory walls the radio blares at them accounts of the war in Spain, of Hitler's latest threat or of the latest developments at Washington. If the broadcaster overlooks anything they will see it with their own eyes on the news-reel in the movies tonight.

Whether they like it or not, the students know that the world about them is being changed by the operation of forces whose existence we, their elders, did not even suspect in the quieter and settled days before 1914 and 1929.

Among the million young men and women in our overcrowded colleges there are of course a great many who will never do much independent thinking. But the average or better than average student knows that the forces now working for change are shaping the world in which he soon will be called upon to take a part and he is far more vitally interested in political, social and economic problems than any of his predecessors in the history of our colleges.

Nearly every young man or woman in the colleges today was born in 1914 or later. For the first time we are really dealing with the out and out post-World-War generation. The only world this generation has known is one of which extreme tension and instability seem to be the fundamental characteristics.

We cannot blame all this upon Europe. In our own country we have added considerably to student uncertainties.

Let us take the boy of 22, the average age of this year's seniors. He first heard it said in 1927-1928 that we were living in a "new economic era"; then that we were passing through an "unparalleled depression"; now that we are under a "New Deal." Evidently change is of the essence of the only world he has known. He feels in his bones that America will never slip back again to the conditions that existed in 1912 or 1929.

What can the earnest young man

do now if he wishes to put himself into some worth while activity? Occasionally we hear him or his teachers use the phrase, "the good life." What does he mean by it? Where can he find it?

"The good life" is a vague phrase and definitions in general terms will be little help in getting down to the heart of our problem. There are, however, two important elements that enter as component parts into the student's conception. What shall he do to earn his living? How shall he use his leisure in college and after?

Let us take them in reverse order. In the general uncertainty of the world around them, a good many young men are trying to tie up with something worth while. They are less inclined to go out for extra-curricular activities merely in order that they may win a few years of campus popularity and be elected to some office.

It will be recalled that the alumnus of whom we spoke in the beginning learned to play the banjo to make the Banjo Club. There is little of that today, and, as we have seen, banjo clubs, to cite one instance, have gone out.

Students have serious interests

INSTEAD of all this we find a more serious interest than ever existed before in humanity's great achievements in the arts. If an undergraduate joins a musical organization today it is because he wishes to know something about what the great musicians of the world have accomplished and what they have to tell us. He gets a satisfaction out of living in this less uncertain world. A recent report from Cornell indicated that the attendance at their series of concerts had greatly increased. This has been true in nearly all colleges.

Students are likewise much more actively interested in painting and literary art as avocations worth while. In other words, the hobbies of many of our undergraduates today take the form of avocations that will give them permanent satisfactions. Reliable statistics are of course not available but in my own experience I should say that for every man who, 20 years ago, was seriously interested in music or art there are half a dozen today.

When we come to the other side of the picture, the matter of choosing his profession or activity, there is a good deal of misunderstanding, especially among business men. Occasionally, as we have seen, it is reported that the undergraduate of today is less willing to take a job and work hard than his predecessors were, that he is much more "choosy."

Some critics have even told us that,

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in addition to all of the other changes, many students have been told that we are living in an Economy of Abundance and that hard work is no longer necessary. They say that in too many cases the student is inclined to take a "the-world-owes-me-a-living" attitude and to wish to enjoy the fruits and rewards that used to be granted for hard work without putting his own back into the job.

As I see it, this is not the case. On the whole, college teachers will tell you everywhere that undergraduates are working harder in college than they ever did before. This is a matter of habit and attitude and I believe it will continue after graduation.

It is true that, in one respect, they are "choosy" and on the whole less willing to plunge into the first business opportunity that offers. To the

man who was graduated in June, 1929, it is fair to say that a career in the business or financial world looked far more promising and attractive than the same career does today.

In those years, in spite of the World War and the Russian Revolution, we still assumed in this country that our political and economic organization would continue with relatively little change. The world of industry or business and the world of government were then still, on the whole, two independent worlds. It was business enterprise which created prosperity, human welfare and happiness. The business man lived in his own world, enjoyed a far higher degree of independence than he does today and what he earned was assumed to be his.

Any number of young men who

From a Business Man's Scratch Pad . . . No. 14



went into business in the 'Twenties were willing to enter some form of promotion with the feeling that, even though the work itself was not particularly attractive, they would soon be financially independent and could turn to other things.

The Get-Rich-Quick-Wallingfords who were graduated in those years have in the colleges of today few descendants.

Before committing himself to a job, this year's graduate is much more inclined to ask himself, not how much the job will pay, but, since the future financial rewards are much less assured, how much satisfaction he will draw out of devoting himself to that type of work.

I am willing to admit, therefore, that, in this respect, undergraduates are more "choosy." But it is not because they are less willing to work.

They are ready for work

MY OWN experience leads me to believe that the situation is just the opposite. The student who has lived through the country's experiences and the world's experiences of the past five years is, if anything, more accustomed to hard work and more willing to continue working hard than his predecessors were. But, in the general uncertainty and befuddlement in which he finds himself, he is inclined to look before he leaps and wants to be as sure as he can be that the job he is tying himself up to is worth doing in and for itself.

In the era of rapid business expansion and as recently as the spring of 1929, personnel officers of financial and industrial corporations came down to the colleges and bid against each other to obtain promising seniors for their organizations. In any number of cases they offered these young men extravagant salaries as beginners. The results were often demoralizing.

If I may presume to offer any advice to employers of college graduates, I suggest that they recognize frankly the changes that have taken place.

With material rewards more uncertain, the abler seniors naturally consider more seriously what economists call psychic income. You do not need to offer unreasonably high wages but come prepared to convince the graduate that you have a challenging job to which it will be worth his while to devote his life.

If he signs up I am willing to prophesy that he will work as earnestly and as loyally as his older brother of the 1920's. I personally believe he will work harder because he has already acquired that habit in his college days.



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Agitators may agitate. Yes, and writers may write and legislators may legislate.

But who gets the food from the farm to the corner grocery? Who makes the clothes you wear? Who produces all the thousand and one luxuries and necessities that you take for granted today? You've guessed it. Business! The man who builds the factory and the man who works there, they do the job.

Stop and think of the things you enjoy today which were unknown twenty-five years ago, and

ask yourself, who had the imagination to dream out the first idea, —who had practical ability to make all these things at a price that would cover payrolls, pay rent and taxes, and still get down to a level where millions of folks could enjoy the finished product?

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From Cow to Kitchen

(Continued from page 26)

association, no government organization can have any permanent effect on the price of butter. Supply and demand have the final say. Butter sells at one nation-wide price (after taking transportation charges into consideration). The price the farmer receives for his milk used in butter making depends on this national price. It takes about 10½ quarts of milk to make one pound of butter. If the wholesale selling price were around 30 or 35 cents a pound, the limit to the price per quart the farmer can receive is clearly indicated. (This price fell to 16 cents in 1933. Result—milk strikes, riots, stump speeches, rock throwing, charges, counter-charges, newspaper headlines, state "probes," federal "probes.")

It is sometimes an unfortunate, yet undeniable, fact that the cost of raw materials cannot be more than the final selling price of any commodity.

Fluid milk, of course, selling between 11 cents and 14 cents a quart in the bottle is worth more than a quart of milk sold as cheese or butter. Therefore, the farmer *always* receives a higher price for that part of his milk sold in fluid form. He needs a higher price because the sanitary requirements of municipal health departments increase his costs of production. Furthermore the health departments limit the area

(called the "milk-shed") in which milk can be produced for resale in a city in bottles. Therefore, local costs of production—plus supply-demand relationships within a given milk shed—determine the price farmers receive for their milk sold in bottles.

Just as the farmer's costs of producing milk for sale in bottles are necessarily higher than the costs of farmers who produce primarily for creameries or cheese factories, so also are a milk distributing company's operating expenses per quart larger than the unit costs of butter, cheese, or other dairy product companies. Again the two all-important bosses of the industry—speed and cleanliness—make the milk distributing company's operations more costly.

Let us see what these operations are:

The cow gives milk. Something has to be done about it right away. Back in the days of our national infancy, folks who had cows supplied non-owners who were within walking or wagon distance. Butter making was a home business. But, as settlements grew, distance became a problem. Distance necessitated the milk company... the corporate milkman. He eliminates the distance between the cow and the kitchen. He must do so speedily and cleanly.

Take, as an example, one of the divisions of National Dairy Products



The Irish milk boy cares little about speed but then he sells sour milk as well as sweet

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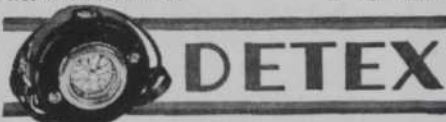
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The first operation is at a country shipping plant where the farmer brings his milk each morning. At these plants it is weighed, tested, and entered to the credit of the farmer. It is poured in tanks, cooled, and pumped into tank trucks or tank cars. Then each of these plants is taken apart, scrubbed, cleaned and sterilized.

Milk in a "factory"

MEANWHILE, the milk is on the road to the city. It reaches the company's main plants between four and six in the afternoon. From the trucks it is pumped to holding tanks and starts to the pasteurizers where it is brought to a temperature of exactly 143 degrees Fahrenheit for one-half hour, cooled again to 40 degrees or less, and flows to the bottling and capping machines. By this time, the tanks of the milk trucks have been scrubbed and sterilized, engines and chassis checked, and the trucks are on their way back to the country.

About ten or eleven p.m. things start to happen in earnest in the bottling and capping department of the main plants. The bottles are being washed and sterilized—25 minutes for each bottle, Mrs. Jones might like to know—in huge washing machines at the rate of 9,000 an hour. The bottling machines fill and cap 7,000 bottles an hour. Attendants stack the bottled milk in crates. Around two or three a.m. the routemen, known to you as the "milkmen," line up, receive and check loads, and start their rounds. About the same time the cleanup crew comes on and the whole plant gets its daily steaming, scrubbing and sterilizing.

About the time the cleanup crew has finished, office and "shop" forces come on. This one outfit has about 800,000 individual transactions a day to keep straight; complaints to settle; special orders to fill; accounts to collect; faulty machinery to repair; horses and stables to care for; advertising to place; or a new laboratory method to check.

And so it goes. If floods come—if snow chokes highways—this business can't stop. In Pittsburgh's floods a year ago, one of National Dairy's divisions had a fair-sized "navy." The plant worked by candlelight, the men slept in their clothes, and the milk came through second story windows by boat. In Illinois last winter,

the mayor of the town of Harvard headed a delegation to welcome the first vehicle to break through the snow. It turned out to be a combined truck, snow plow and snow removing crew of the Bowman Dairy Company. The company was after its milk.

Thus goes the routine of the corporate milkman. His job is one of unobtrusive, dependable service.

The corporate milkman has to buy more milk than he can sell in bottles every day. The Joneses may want an extra quart one day; next day they shut up the house for a two weeks' vacation. On the supply side, the milkman's headache is even worse. He can figure his daily demand within about ten per cent. But, let us say, he must buy from 13,000 farmers to meet his peak demand, and each of these 13,000 farmers has 12 cows. Those cows give 40 per cent more milk in June than they do in November. The milkman can't shut off the cows. Neither can he shut off farmers. If he does, they will not come back when he needs them.

Something has to be done about this excess supply in the summer. So the corporate milkman finds himself in the butter, cheese, canned milk, milk powder, and sometimes the case-in business whether he likes it or not. He has to find a market for this surplus milk. And once he gears his plant up to handle this surplus, he must keep it going, or overhead washes him up financially.

What of the corporate milkman's economics? That of a disbursing agent best describes his rôle. The milk company takes in money with one hand and pays out most of it with the other. The farmer gets about half of what the corporate milkman receives (more than the producers of most other edible commodities receive of the consumer's dollar).

This farm price today ranges from about four to more than six cents a quart; the retail selling price from 11 to 14 cents. Why then half to the farmer? Because the milkman's wholesale business, at from two to four cents less than the retail price, makes his net selling price substantially less than the retail price.

It is a paradox of the milk business that, although no human hands come in contact with milk, "labor" is the largest single item of expense excepting milk itself. Labor's share averages about one-quarter of the consumer's dollar. The remaining quarter goes for gas, oil, tires, bottles, cartons, feed, harness, light, power, heat, taxes, supplies, repairs and all of the other daily needs of this complex business. The profit may be as much as three or four cents on a dollar of sales. It may just as likely be nothing. If National Dairy should net five

or six mills a quart, it would wonder how long the "boom" would last.

How well the dairy product manufacturers, processors, and distributors have served the public interest shows up in the record of farm income, consumption and public health.

The headline reader of the past few years would think the dairy industry were treading on dangerous ground when it starts talking about farm income. On the contrary, the corporate milkman can "point with pride."

Milk prices held up better

THE U. S. Department of Agriculture figures show that, in the trough of the depression, the average price the farmer received for milk declined less than the prices of other major farm commodities. In 1929, milk netted the dairy farmer 17.7 per cent of all the cash received by farmers. In 1932—when the farm picture was blackest—milk was returning 22.7 per cent of the farmer's spending money. This is no record for any industry to be ashamed of. Even in 1936, when the price of all farm staples had climbed, milk came through with about 18 per cent of the farm cash.

Despite an ever-increasing flood of milk during the depression, the cheese companies, the creameries and the milk companies bought the farmer's milk—and they sold it.

Research was a potent force in that sale. The corporate milkman knows that his marketing possibilities are first seen in test tubes. Condensed and evaporated milk, milk powder, casein, and ice cream have all majored in science. The National Dairy Products Corporation has spent a million dollars for laboratory work in the past five years.

It spends this money partly for research projects, partly for the daily laboratory routine which safeguards the quality and purity of its products. Recently it instituted a program of intensive laboratory protection for its products. It happened in this way.

Mr. McInnerney, National Dairy president, found more than 100 full-time laboratories within the National Dairy family. Each of these laboratories supervised the products of its own plant. But, primarily because of variation in practices and sanitary requirements among various municipal health departments, each laboratory operated under different standards. Mr. McInnerney decided this was no way to run things. He said, in effect:

We shall take the requirements of the health departments as basic, but we shall superimpose on these our own regulations. We shall set up a separate and distinct laboratory system within our organization to see that these new regu-



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IN
Cool Comfort
HOTEL Mayfair
ST. LOUIS
350 air conditioned rooms

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"CORRECT! WE'LL GO RIGHT FROM THIS AIR-CONDITIONED TRAIN TO THE MAYFAIR AND NEVER MISS A MOMENT OF COOL COMFORT."

Each room with guest-controlled air conditioning—private bath, radio and other refinements. Three air-conditioned restaurants.

RATES
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"Downtown At Your Doorstep"

Hotel Mayfair
8th & St. Charles
ST. LOUIS

HOTEL LENOX...ONLY ONE BLOCK OVER...SAME MANAGEMENT

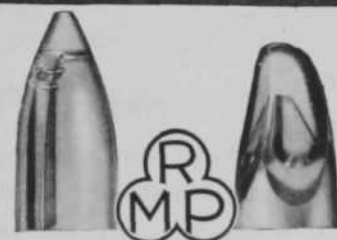
RIVER RUNT SPOOK



"X-Ray" view of River-Runt Spook manufactured by James Heddon's Sons—Body by Reynolds!

Fish apparently prefer realism too—to judge from the stories of fishermen who use the River-Runt Spook. To gain this realism—the semi-transparency of shore minnows—to gain greater serviceability over previously used materials, and to gain a unique selling feature, the manufacturer turned to plastics. To gain the requisite accuracy in molding the parts, to gain uniformity of quality, to be sure of prompt service, the manufacturer turned to Reynolds. "We compliment the Reynolds people on the fine service they have given us," write the Heddon's Sons people.

All modern advantages of all modern plastics are awaiting you and your product at Reynolds.



THE MODERN WAY TO BIGGER MARKETS

In some cases, the money-saving and sales-promoting application of Reynolds Plastics is immediately obvious. But in other cases, some thought, some belief on your part that Plastics can benefit your product, some "digging" on the part of the expert Plastics engineer, are necessary. For the easy problem, for the tough problem, for the big problem, Reynolds offers a sure solution. It's the modern way to bigger markets, to lower costs. When you anticipate competition, you usually stop it. Your consultation with Reynolds is confidential. Send for the two enlightening booklets: "Why Molded Plastics?" and "Reynolds Molded Plastics." REYNOLDS MOLDED PLASTICS, Div. of Reynolds Spring Co., 1303 Reynolds Bldg., Jackson, Mich.

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Easy to Operate

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40 YEARS... have made the Morrison "Perfection" Wire Stitcher the most efficient as well as the easiest machine on the market to adjust and to operate.

Formers, driver, and supporting shoe are simple in design and require little maintenance. When there is need, service is quickly and cheaply available. There is a "Morrison" for every closing, fastening and mounting problem of industry.

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MORRISON

lations are followed out. When our companies join this new laboratory organization they shall be permitted to display a symbol to that effect on their products. Further . . . we shall call in outstanding professors, scientists and nutritionists to guide and advise our own laboratory staff. We shall make this laboratory company a powerful force that will advance the knowledge and general welfare of the entire industry.

This thought gave birth to the Sealtest System Laboratories, Inc. Today the housewife may see a red and white symbol on her milk bottle cap—on her ice cream carton—and on other dairy products, with the words, "The Sealtest System of Laboratory Protection." If so, that product has been produced in accordance with the rigid regulations of the Sealtest System Laboratories, Inc.

Sealtest is being advertised in newspapers, magazines and over the radio. That means increased consumer good will, and sales. It means more money in farmers' pockets.

Now to recall but one thing more to Mr. Jones and his wife . . . the dairy

industry's contribution to public health. Again we find an outstanding achievement, but again so obvious that it is often overlooked.

Recall your own boyhood; and review the great number of diseases that used to afflict children and, to a lesser degree, adults. Not all of these were traceable to impure milk, but many were. No longer are epidemics laid at the door of milk and dairy products bought from reputable dairy companies. The corporate milkman makes a "religion" of cleanliness. He has to! He can prosper only by making good the expectations of the consumer.

The milk company spends more time washing and sterilizing things—tank trucks, bottles, cars, pasteurizers, holding tanks, piping—than it takes to collect, haul, pasteurize, bottle, cap and deliver milk. This "hospital" care has increased the cost of milk to the consumer, but it has also reduced his doctors' bills and protected his children.

The Wage and Price Problem

(Continued from page 16)

The large volume of unemployment which has persisted even during the recovery period has not unnaturally suggested that a remedy be sought in the form of shorter working hours. Indeed, there is a widespread view that the working day must henceforth be shortened in direct proportion to further increases in efficiency. This philosophy, it will be observed, assumes that the amount of work available is seriously restricted, but that we can somehow get higher standards of living without doing the necessary work.

Let us see what the work requirements would be in carrying through the indicated program of expanded production. Our investigations indicate that, in the field of durable goods, from 8,000,000 to 9,000,000 additional workers would be needed. The increased production and labor required in the field of non-durable goods would be much less. But there can be no doubt that the work requirements to restore living standards in the next five years are more than sufficient to absorb the entire volume of unemployment now existing. These estimates are based upon an assumption of an average working week of 43 hours.

The simple truth of the matter is that we have not yet reached a stage of technological development at which it is possible for the American people to obtain the standards of living which they desire on a 40 hour

week basis. Bear in mind that these estimates are based merely on the assumption of a return to 1929 *per capita* levels of production and consumption. We need much higher levels than these to provide satisfactory standards of living.

In the period of great technical progress from 1900 to 1929, the length of the working week was reduced by approximately 13 per cent. In the period from 1929 to 1936, with productive expansion held in check by depression, the working week was reduced approximately 20 per cent. Yet, strangely enough, it appears to be widely believed that the way to restore living standards is to reduce working hours still further.

We now come to the crucial question:

What is the bearing of wage and price trends upon the further expansion of production and the accompanying absorption of unemployment? As a basis for considering this issue, two fundamental principles must be clearly perceived.

First, the process of raising the standard of living of wage earners necessarily involves increasing the spread between wage rates and prices.

If the wage earner gets more dollars and prices remain unchanged, his purchasing power is expanded. If he gets the same number of dollars and prices decline, his purchasing power is expanded. But it can be expanded only by increasing the spread between wages and prices.

Second, an increasing spread between wage rates and prices depends fundamentally upon increasing the efficiency of production.

Only thus will the means be available with which to pay higher real wages—provide more goods and services. Accordingly, there must be constant acceleration of technical advances, improved management, increased labor efficiency. Any practices or policies that tend to work in this direction are economically sound; and any that work in the opposite direction are unsound.

Recovery of wages and prices

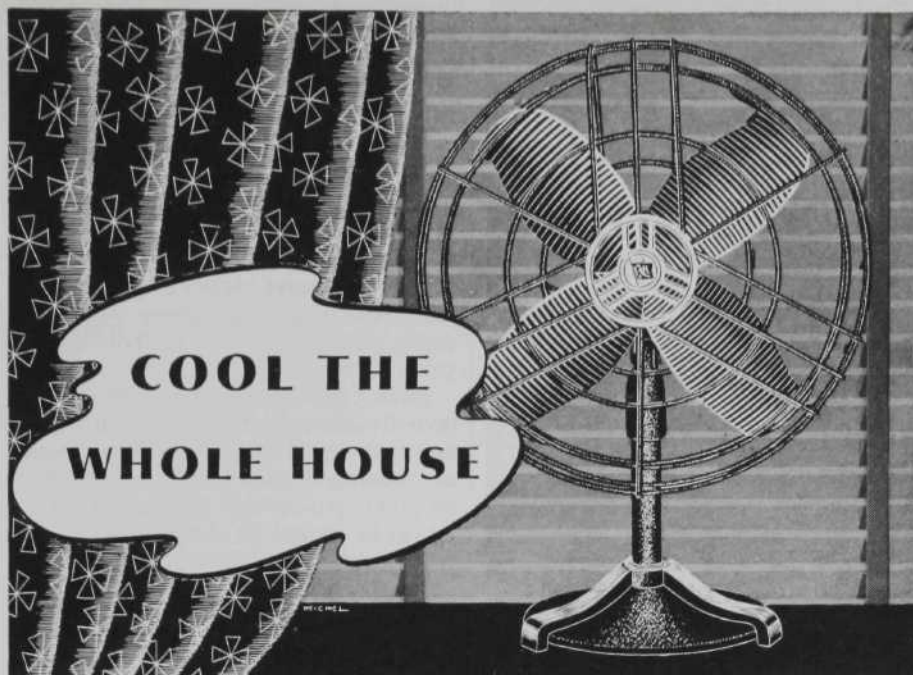
WITH these principles in mind, the course of the recovery movement may be briefly reviewed. In the summer of 1933 wage rates were sharply increased as a result of the code agreements. Prices advanced quickly but not quite proportionally. From the beginning of 1934 until the end of 1936 wage rates continued to increase at a moderate pace, while the prices of manufactured goods remained practically stable. In this period productive efficiency was materially increased. The economic results of these trends may be stated:

1. The increase in productive efficiency and the fuller utilization of plant capacity resulted in lower unit costs.
2. The increasing spread between wages and prices steadily expanded the purchasing power of industrial workers.
3. The expanding volume of sales led to increased profits—the reduction in unit costs more than offsetting the increase in wage rates.

The trends up to the end of 1936 were thus distinctly favorable. Production was steadily expanding and unemployment decreasing; purchasing power was being broadly disseminated among the masses; speculative business activity was not strongly in evidence; and the general balance between current production and current consumption appeared reasonably satisfactory.

If the existing favorable balance could be maintained there was good reason to hope that we might be entering upon a period of exceptional prosperity that would in a few years go far toward restoring the economic losses resulting from the depression.

In the past few months this hopeful situation has been changed in one important respect. The prices of both raw materials and finished products have been rapidly rising. The advance in the former is directly related to the military programs of government and the speculative activities that accompany boom conditions in certain lines. The price increases in manufactured goods are the result in part of the increased cost of raw materials, but more largely of the sharp



... with one R & M Air Circulator!

There's no other fan like it—and the results are astonishing. Before bedtime, start the R & M Air Circulator blowing out—6600 to 10,000 cubic feet a minute!—through a bedroom window. Open other bedroom windows and connecting doors. Soon every inch of hot, stuffy day-time air is replaced by cool night air. And you can have a cool breeze through the room all night long. Astonishing—but true! . . . The patented R & M blade tip sends all the air forward; does the job of

a dozen ordinary fans. The rubber-mounted motor runs like a whisper. . . . It's the fan for those who'd like to "air condition" but aren't quite ready. Don't go through another summer like last year's. And don't just buy "another fan." Ask your dealer about the big 20-inch to 30-inch R & M Air Circulators, priced at \$40.00 and up. *Robbins & Myers, Springfield, Ohio; Brantford, Ont.*

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An Alka-Seltzer Tablet in glass of water makes sparkling pleasant-tasting solution. Drink it and it gives quick relief from Headaches, Sour Stomach, Distress after meals. It also helps correct the cause of the trouble when associated with an excess acid condition.

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SUGGESTED RETAIL PRICE
IN CANADA

AT ALL DRUGGISTS

Alkalize with Alka-Seltzer

FOR HEADACHES, ALKA-SELTZER SURELY TAKES THE CAKE
NEXT TIME I HAVE A HEAD-ACHE, I'LL KNOW JUST WHAT TO TAKE

LAST YEAR MY UP-SET STOMACH ALMOST SPOILED OUR TRIP
NOW WE PACK ALKA-SELTZER IN OUR LITTLE GRIP

I DIDN'T FEEL LIKE FISHING WHEN I AWOKE TODAY
GREAT STUFF, THAT ALKA-SELTZER, TO CHASE THE CLOUDS AWAY

MORNING AFTER

UP-SET STOMACH

HEADACHE

Friendly to **INDUSTRY**

The unusually high percentage of nationally known industries for a town of 30,000 people, indicates that Belleville, N. J., is an outstanding industrial location. Belleville extends friendly encouragement to industry—with its equitable assessment policy—its high order of municipal service—its five successive annual tax reductions and four successive reductions in ratables.

Belleville offers unique advantages to diversified industry, large and small—only 9 miles from New York—rail, water and highway transportation—a quick outlet to the great waterways and airlines—every modern city utility—every essential to profitable, peaceful manufacturing.

We welcome critical comparison. Write for facts. William H. Williams, Mayor—Finance Director, Belleville, N. J.



increases in wage rates. The recent abrupt increases in wages ranging from 20 to 30 per cent have not been related to efficiency.

With sharply rising costs all along the line, the natural tendency is to push prices up to maintain profit margins. These recent trends are thus laying the foundations for a rapid spiral of inflation. Rising costs lead to rising prices; higher prices lead to further advances in wages and other costs, and this in turn to still further price advances.

Such price advances frequently provide a temporary stimulus to industrial activity. With prices going up, business men and others hasten to place orders and buy extra quantities in order to be ahead of the price advance. This expansion of orders still further accelerates business activity and stimulates advance in prices.

High prices slow business advance

BUT developments such as these produce serious maladjustments in the economic system as a whole. Particular labor groups which receive higher wages may stand to gain for a time. Similarly the industries involved may temporarily pass on the higher costs to consumers. But further extensive expansion appears definitely to be menaced by the inflationary process.

The advance in the prices of such basic products as iron, steel, other metals and building materials, may impede expansion of production in certain important lines. The financial condition of the railroads has only recently improved sufficiently to promote extensive physical reconstruction of properties; but now, with steel prices rising rapidly and railway wage increases in prospect, it is doubtful whether the railroads will be able to carry out the needed programs of rehabilitation. Similarly, the rising prices of building materials may hold in check the building of new houses and apartments.

It may also be noted that large sections of the population would soon suffer as a result of a rapid rise in prices. These include many groups of industrial wage earners unfavorably situated; individuals working for fixed salaries; those living on income from investments; and the farm population. Perhaps the most serious phase of the problem relates to the disparity which may again result between industrial and agricultural prices and lead to new government efforts to raise the prices of agricultural products.

When faced with rising wages and other costs of production, the natural tendency is for business men to

increase prices more or less proportionally to the advance in costs. I submit that it is not commonly necessary to make proportionate price increases and that every effort should be made at this time to restrain the upward spiral.

For any particular manufacturer, wages constitute a lesser portion of his total manufacturing costs. Consequently, a 20 per cent increase in wages does not necessitate a 20 per cent increase in prices to maintain the existing margin of profits. Concretely, where the total cost is \$1.00 and the wage item 30 cents, a 20 per cent increase in wages would make the wage item 36 cents and the total cost \$1.06. Thus if prices were raised by 20 per cent, profits would be substantially increased. Meanwhile, the purchasing power of potential buyers and hence sales possibilities would be materially restricted.

The present situation also calls for added emphasis upon further increases in productive efficiency. Enduring increases in the spread between wages and prices, it must again be recalled, are contingent upon progressive improvements in operating efficiency.

Recent trends with respect to wages and prices must clearly be viewed with no little apprehension. Whether present inflationary tendencies can be effectively checked no one can foretell at this juncture. In any event, it is of the utmost importance that a concerted effort should be made to restrain just as far as possible the advance in prices.

If we pursue the policy of pushing up prices to the fullest extent possible as the quick way to maximum profits, a financial harvest might indeed be reaped in the near future out of the inflationary process. But profits made from advancing prices are essentially speculative. Real profits, of an enduring nature, are derived from the expansion of production.

In this connection, the announced policy of one of the largest steel corporations to make no advance in prices in the third quarter of the current year is highly important. It should tend to halt that frenzied ordering in advance which promotes further increases in prices and consequent demands for still further advances in wages.

While it is true that the present inflationary movement is rooted in conditions arising out of the general temper of the times, it does not follow that industrial enterprises are altogether helpless in the situation, or that they have no responsibility. Regardless of the causes of the existing situation, the sound policy for business is to try to check the current and not merely to ride with it.

"Coca-Cola" invites you to lunch



Too busy to go out for lunch? Just order a sandwich and an ice-cold Coca-Cola. It makes your lunch time *refreshment time* and sends you back to work feeling fit.



Sandwiches, cheese crackers and most of the good things that go to make a light lunch, taste better with the tingling sparkle of ice-cold Coca-Cola. Try Coca-Cola with *your* lunch today.



A natural partner of good things to eat. That's why so many order ice-cold Coca-Cola with their lunch. Pure . . . wholesome and so refreshing.

PAINT

Born of a Broken Saw Blade . . . Deere and Company Celebrates its 100th Birthday



Life was rather tantalizing, to say the least, for the Western pioneer of one hundred years ago. Forests teemed with toothsome game—likewise with prowling beasts, marauding Indians. No richer soil existed than in the prairies—yet its clay-like stickiness stubbornly, dishearteningly resisted turning to the iron plow of the would-be settler.

But Yankee ingenuity, in the personification of John Deere, a pioneer village blacksmith from Vermont, soon came to the rescue. Taking a broken saw blade, he beat it into a ploughshare . . . gave to the world the first successful self-scouring and self-polishing steel plow. This seemingly prosaic event marked the real conquering of the West . . . the beginning of its vast agricultural exploitation.

In these past hundred years, "John Deere" has grown from a one-anvil blacksmith shop to a great organization of eleven huge factories, fifty-five branches, thousands of dealers—all building and selling equipment for every farm operation.

Proud indeed is Sherwin-Williams to play its part in the equipment production of a company guided by John Deere's immortal words, "I'll never put my name on an implement that hasn't in it the best that is in me." To Deere and Company quality farming implements, Sherwin-Williams quality paints add eye-appeal, selling-attraction and a finish that stands up under the wear and tear of farm life.

Giving a good looking, longer lasting finish to machinery and equipment of all kinds is but one of the thousands of jobs Sherwin-Williams paints perform. Wherever paint is used for whatever purpose, you'll find a Sherwin-Williams paint that will do the job better at less cost of application and maintenance. Write The Sherwin-Williams Company, Cleveland, Ohio, and all principal cities.

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Why not give your telephone operator a chance to do a real job? Have you ever sat by her desk and counted the calls she handles—how many outside connections, how many inside? Listened in and noted the impatience of people calling in, who are compelled to wait?

If you had, you would realize how much it would mean to your business if you could relieve her of more than half the load—the *inside calls*. You would require no further proof of your need for a P-A-X.

P-A-X will provide better service for your customers calling in; better service for your own people calling out; instant communication between departments; a means of making every member of your organization directly and quickly accessible to every other member.

The communication services of the P-A-X are adjusted to meet individual needs. A request from you and one of our representatives will survey and recommend. Address American Automatic Electric Sales Company, 1033 W. Van Buren St., Chicago, Ill.



PRIVATE AUTOMATIC EXCHANGE

Combining Automatic Interior Telephones • Code Call • Conference Wire
Emergency Alarm • Executive Priority • Watchmen Checking
and other related services

A PRODUCT OF AUTOMATIC ELECTRIC COMPANY • CHICAGO



Why Trains Go Faster

On January 2, 1935, a group of business men boarded a train in Chicago bound for St. Paul, Minnesota, 400 miles distant.

Four hundred minutes later, the train arrived in St. Paul after the fastest rail trip on record between the two cities.

The train was the now celebrated "400"; the occasion, its inaugural run.

Crack train of the Chicago and North Western Railway, the "400" has been a spectacular success from the start. Shuttling between Chicago and the Twin Cities of St. Paul and Minneapolis, it frequently departs in several sections. For December, 1936, its revenue-record showed a gain of 100% over that of December, 1935.

When competing carriers saw the public flocking to the "400," they started making plans to speed up their own schedules. The Milwaukee road built the streamlined "Hiawatha." The Burlington's answer was the Diesel-engined streamliners, "Twin Zephyrs."

All these fast new trains have achieved notable success. Each created its own patronage. Each carries capacity loads and does so without reducing traffic on the road's standard service.

Credit for this progressive step in American railroading is given to the Chicago Tribune. Said President Fred W. Sargent of the North Western: "The '400' is the Tribune's train. The Tribune furnished the demand. We furnished the equipment."

In November, 1933, twenty-six months before the "400" made its initial run, the Tribune added to its editorial platform for America a new plank: "SPEED UP RAILWAY PASSENGER SERVICE." Editorials pointed out that the migration from rails to highway was being fostered by the railroads' own lack of aggressiveness.

Later editorials made specific recommendations. To the road which would place in service a mile-a-minute train between Chicago and the Twin Cities, the Tribune pledged full publicity.

The North Western acted immediately. It devoted the entire year of 1934 to preparation of its roadbed and equipment. The rest is history.

Not only has the Chicago territory benefited by this new spirit in railroading, but the entire country as well. Since the Tribune first started hammering for speedier rail-service, drastic time-reductions have been made in runs between Chicago and New York, Washington, New Orleans, Montreal, Jacksonville and other important points.

This successful drive illustrates the aggressive policy with which the Chicago Tribune fosters the interests of the community and the territory which it serves.

It demonstrates anew the influence which the Tribune commands as a result of publishing a newspaper which prints the news — an influence which manifests itself also in the greater returns enjoyed by advertisers in the Tribune's columns.

Chicago Tribune

THE WORLD'S GREATEST NEWSPAPER

More than 800,000 daily

More than 1,000,000 Sunday

For a perfect Old Fashioned Cocktail

FOLLOW THE NATIONAL DISTILLERS EMBLEM

OLD OVERHOLT—straight rye whiskey, bottled in bond under U. S. Government supervision, 100 proof... **OLD HERMITAGE**—Kentucky straight bourbon whiskey—93 proof.

OLD GRAND-DAD and **OLD TAYLOR**—Kentucky straight bourbon whiskeys—bottled in bond under U. S. Government supervision—100 proof.

BLACK AND WHITE—blended Scotch whisky—8 years old—86.8 proof... **MONNET** COGNAC—86 proof.

DON Q—Puerto Rico Rum—89 proof... **GILBEY'S GIN**—distilled from 100 per cent grain neutral spirits—90 proof.

Mount Vernon Brand
Straight Rye Whiskey
Bottled in Bond
Under Supervision of U. S. Govt.
Distilled By The Mount Vernon Distillery Co. Baltimore, Md. 100 Proof

USE an old-fashioned aristocrat for your perfect Old Fashioned cocktail. Mellow Mount Vernon straight rye whiskey—bottled in bond—the patrician of American ryes. Whatever you favor in the broad range of whiskeys, wines, brandies and liquors, you are sure to find National Distillers brands precisely suited to your taste—and to the occasion.

Each time you see that familiar emblem, remember that it is a valid certificate of quality. National Distillers Products Corporation, Executive Offices, 120 Broadway, New York, N. Y.

YOUR GUIDE TO



GOOD LIQUORS



A black and white portrait of actress Miriam Hopkins. She has blonde, wavy hair and is wearing a dark, possibly velvet, dress. She is holding a lit cigarette in her right hand, which is raised towards her face. The background is dark and out of focus.

Miriam Hopkins

says: "Sensitive throats welcome Luckies"

"Luckies have been my favorite cigarette for about 5 years. They're a light smoke that sensitive throats welcome. Of the many trends that sweep through Hollywood, one of the longest lasting has been the preference for Luckies. I once asked a 'property' man—who supplies cigarettes to the actors—what the favorite is. He opened a box containing cigarettes. They were all Luckies."

Miriam Hopkins

Starring in Samuel Goldwyn's Production "WOMAN CHASES MAN"

Notice how many professional men and women—lawyers, doctors, statesmen, etc., smoke Luckies. See how many leading artists of radio, stage, screen and opera prefer them. Their voices are their fortunes. Doesn't it follow

that, if Luckies are gentle on their sensitive throats, they will be gentle on your throat, too? You will appreciate the throat protection of a light smoke free of certain irritants expelled by the exclusive "Toasting" Process.

The Finest Tobaccos—
"The Cream of the Crop"



A Light Smoke

"It's Toasted"—Your Throat Protection

**AGAINST IRRITATION
AGAINST COUGH**

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